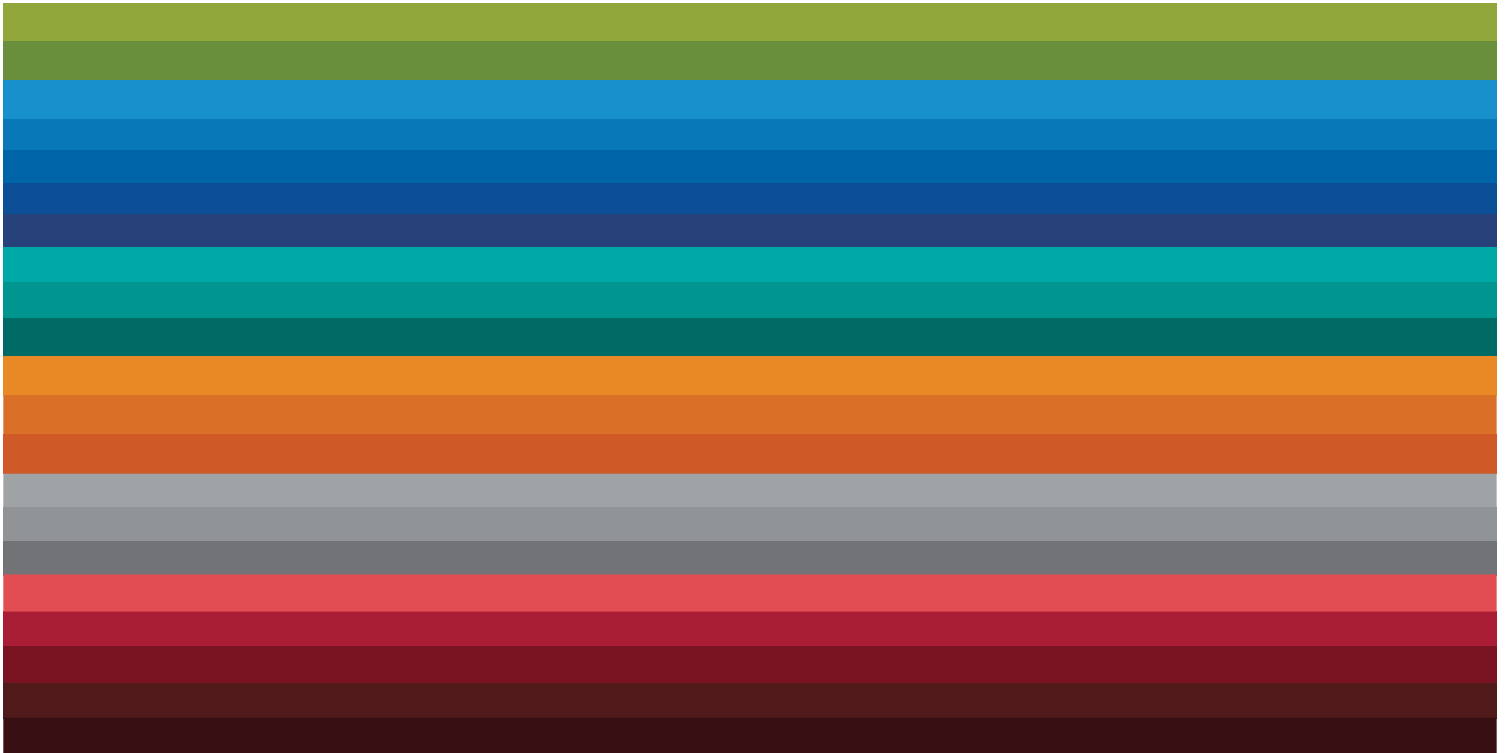


# A journey begins





The success of a journey often depends on its timing. Today as we set out to bring an exciting, diversified and well-managed portfolio of products and services to all our clients and other stakeholders, we know our timing is perfect.

Sri Lanka is on the brink of discovering its true potential for massive growth and regional significance. Our strong positions in several key growth sectors of the economy: Information and Communication Technology, Healthcare, Retail, Financial Services, Automobiles and Leisure & Travel means that our fortunes too are set to grow in value.

Join us as we start out on this voyage of discovery. Because our journey to success has just begun.



**A  
JOURNEY  
BEGINS**

“In 2010 we delivered  
an outstanding financial  
performance and transformed our  
platform for future growth.”

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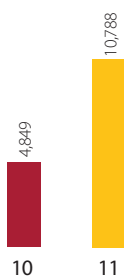
"At the start of 2010 we aligned our business behind three clear priorities: maximising free operating cash flow, improving the profitability of our newly acquired businesses and expanding our business portfolio.

But it is not only the increases in our bottom line that are notable. Our value strategy continues to be very successful, clearly demonstrating the benefit of long-term brand investment in order to build equity, relevance and resilience..."

# Financial Highlights

		2011	2010	Change
<b>Group</b>				
<b>Operating Results</b>				
Revenue	Rs' 000	10,788,467	4,848,809	122%
Profit before Interest and Tax	Rs' 000	1,903,874	1,035,812	84%
Profit after Tax	Rs' 000	970,810	154,682	528%
Profit Attributable to Equity Holders of the Parent	Rs' 000	829,248	154,117	438%
<b>Balance Sheet Highlights</b>				
Total Assets	Rs' 000	29,134,512	7,083,392	311%
Total Shareholders' Funds	Rs' 000	3,041,587	2,039,453	49%
No. of shares in Issue	'000	640,000	62,973	-
Debt/Equity	Times	2.80	2.08	35%
Debt/Equity (Excl Financial Services)	Times	2.16	2.08	4%
Debt/Equity (Excl Financial Services & Short Term Borrowings)	Times	0.73	1.19	-39%
<b>Shareholder Information</b>				
Return on Equity	%	27.3	7.6	259%
Earnings per Share	Rs	1.30	0.31	321%
Net Asset per Share	Rs	4.75	3.24	47%

Comparison of Revenue  
Revenue (mn.)



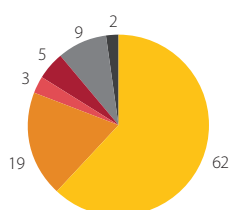
Comparison of Consolidated PBT  
PBT (mn.)



Comparison of Consolidated PAT  
PAT (mn.)

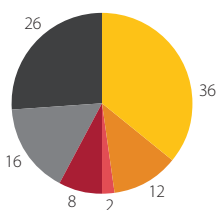


Sector wise Revenue - 2011



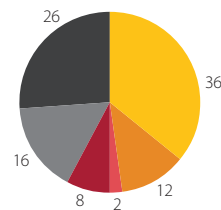
■ Information & Communication Technology  
■ Retail  
■ Automobile  
■ Financial Services  
■ Travel & Leisure  
■ Healthcare  
■ Others

Sector wise PBT - 2011



■ Information & Communication Technology  
■ Retail  
■ Automobile  
■ Financial Services  
■ Travel & Leisure  
■ Healthcare  
■ Others

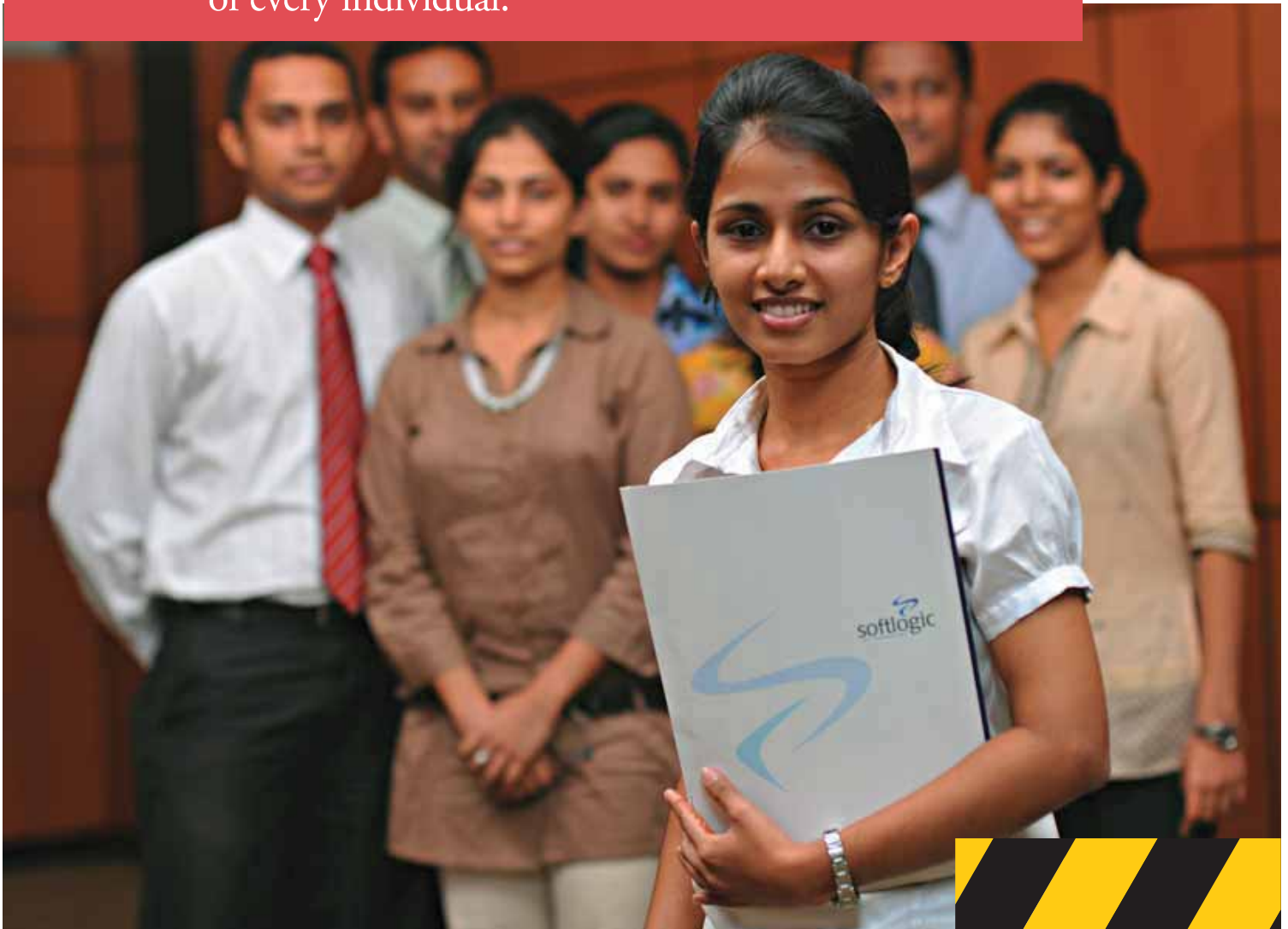
Sector wise PAT - 2011



■ Information & Communication Technology  
■ Retail  
■ Automobile  
■ Financial Services  
■ Travel & Leisure  
■ Healthcare  
■ Others



In order to maintain the reputation as a “preferred employer”, Softlogic has maintained strong moral and professional ethics, transparency and fairness. The company has benefitted from the diversity of its workforce and employees are treated with respect and dignity. The aim of Softlogic has been to help the employees to share its success and to offer outstanding opportunities to them in terms of career development and progression while valuing welfare of every individual.





**OPPORTUNITY  
AHEAD**

A yellow diamond-shaped sign with a black border, containing the text "OPPORTUNITY AHEAD" in bold black capital letters. The sign is positioned over a background of horizontal rainbow-colored stripes (orange, red, pink, purple, blue, green, yellow) that are partially obscured by the sign's shape.



# Vision

To be the most preferred business partner by offering diversified products and services of high quality and unmatched value.

# Mission

To satisfy our customers with an entirely new experience.

# Values

## **Performance**

We are committed to a result oriented culture. We place customers at the centre of our activities and we hold ourselves responsible to deliver what we promise in keeping with customer needs

## **Innovation**

We constantly challenge conventional wisdom and reward employees for adopting out of the box solutions to everyday business problems that better meet customer needs

## **Integrity**

We act fairly and honestly. We believe in ethics and transparency in all our dealings

## **Human Capital**

We benefit from the diversity of our business

and our people by working together to achieve success. We treat all our staff with the utmost respect and dignity, provide opportunities for career enhancement and reward good performance

## **Success**

We strive to be the best in our business and possess a will to win

## **Accountability**

We take responsibility for delivering what has been promised

## **Corporate Responsibility**

We care for the community and the environment taking the responsibility to protect them. We are a good corporate citizen and support worthy causes and CSR projects





“We have gained tremendous momentum in all sectors growing our market share in our diversified portfolio across Retail, Information and Communication Technology, Healthcare, Financial Services, Automobiles and Travel & Leisure ”

## Chairman's Review

It is my pleasure to present to you the Annual Report and Financial Statements for the year ended 31st March 2011. Your Company, Softlogic Holdings PLC has recorded robust growth during the period under review. Your Company's brand equity and market share continue to surge forward and it has been able to leverage on the opportunities that presented themselves through the year ending 31st March 2011.

Softlogic focused on opportunities in Sri Lanka during the year, positioning ourselves for a phase of expansion and consolidation of the existing lines of business. Our solid experience in the retail sector and the entrepreneurial culture within the Group enabled us to identify valuable opportunities and to form excellent business alliances during the year, further strengthening the Group's balance sheet.

The peace prevailing in our land, in the first full year since the defeat of terrorism, has allowed Sri Lanka to focus on pursuing sustainable economic development and places the country on the path to sustainable growth. The Sri Lankan economy grew by 8% in 2010, with all key sectors of the economy contributing to this growth. Against this backdrop of macro economic growth Softlogic acquired

the controlling interest of the Asiri Group of Hospitals and Capital Reach Holdings Limited which has now been rebranded as Softlogic Capital Limited.

### Global Economy Still Fragile

The Global Economy was in recovery mode last year, although at a very slow pace reflecting a gradual yet marked shift from the traditional power bases of the West to the emerging markets in Asia. However there are serious concerns over the fiscal position of countries in Europe; events in the Middle-East and North Africa; rising oil prices and emerging inflationary trends which continue to overshadow the world economy. International agencies are predicting slowing global growth and the worsening of unresolved problems related to the fiscal crises. The downgrading of America's credit rating has fuelled fears of recession in the US, which will no doubt have repercussions in the global markets. The global economy grew by 3.9% in 2010 but worryingly, the World Bank predicts slower growth of 3.2% in 2011/12 as high food prices, potential oil-price spikes and lingering post-crisis difficulties in high-income countries pose downside risks. Overall, financial conditions continue to improve, although they remain fragile.

## Chairman's Review

*(Continued)*

### Sri Lankan Economy on the Mend

In contrast the Sri Lankan economy bounced back strongly in 2010, reflecting post war optimism and improved global conditions. The services and industrial sectors led this vibrant growth of 8%, in tandem with improved business confidence, a revival of tourism, reduction in interest rates and increased agricultural activity in the North and East. Measures, such as cutting government spending and boosting revenue to ensure that the budget deficit stays on track at 8% of GDP this year, raising tax revenues and stepping up fiscal reforms in the upcoming budget are other factors that will boost the economy further, according to the Asian Development Bank (ADB). Private sector investments need to be accelerated in the country and considering the exciting possibilities that an end to a 30-year war brings, your Company plans to leverage on the many business opportunities unfolding over the next few months and years.

### Softlogic Group Surges ahead

Your Company experienced a remarkable increase in profitability during the financial year under review. Excluding the healthcare sector, Group revenue increased by a clear 122%. The consolidated revenue of the Group was in excess of Rs. 10.8 billion, compared to Rs 4.8 billion in 2009/2010 financial year. PBT for the year under review was Rs. 1.05 Bn against Rs. 254 Mn in the previous financial year resulting in a commendable Rs. 971 Mn profit after tax.

We successfully strengthened our market share in the diversified sectors of Retail, Healthcare, Information and Communication Technology, Financial Services, Automobiles, and Travel & Leisure sectors in 2010/11.

The year was characterised by the continuation of our exciting growth and expansion journey to position ourselves as one of the most dynamic and innovative corporate entities at the forefront of the country's private sector.

### Healthcare

Your Company is poised as No. 1 in private healthcare with the highest number of beds in the country. The Asiri Group of Hospitals exceeded our budgeted forecasts for the period under review to post record profits, with the Gross Profit of the healthcare sector alone increasing by 27% to reach Rs 2.2 Bn. Our incremental investment in technology and in professional medical/non medical staff has paid handsome dividends. The Central Hospital recorded operational profits within one year of beginning operations and ended the year in a loss Rs. 208 Mn. The forecasts indicate a much more positive net result for the current year. During this period we acquired an entity with a project to build a 100-bed hospital in Kandy during the period under review and will commence construction of the hospital in the near future. This is scheduled to be operational within two years. Our resolve to establish a wider footprint has led to the establishment of a much-needed Pathology Laboratory in Jaffna, which lacked sophisticated diagnostic facilities thus far.

### Retail

The Softlogic Group's Retail arm continues to be one of the key thrust areas for the Group, posting a 247% revenue growth during 2010/11. In fact, Softlogic is one of the early pioneers in establishing an international retail format in the country, setting an industry benchmark. We are on track to achieve our plans to open 150 retail outlets by December 2011 and 250 by December 2012. These well-appointed showrooms will showcase the world's best brands in Consumer Electronics, Branded Apparel and Furniture. Softlogic has built up a vast network of partnerships with reputed global brands, acquiring distributorships for some of the most high profile retail

brand names in the world over the years - and these will find pride of place in our showrooms.

Branded Apparel remains a key growth strategy for the group, leveraging on rising per capita incomes and enhanced consumer confidence and consumption patterns. Influenced by exposure to global fashion trends, consumers in Sri Lanka are becoming increasingly sophisticated in their demands and are progressively seeking branded apparel. We have already opened 3 Levi's outlets and one Nike store. Giordano and Mango are two other brands that will be added to the branded apparel portfolio in 2011. Our multi-brand, multi-channel strategy has empowered consumers to stay abreast of global trends and further enhanced consumer choices by giving them a wide selection of diverse brands, products and special offers. Your company has also entered into an agreement with internationally reputed department store, Debenhams, and we are currently scouting for appropriate retail space to set up a department store in Colombo, the first of its kind in the country.

### Finance

Our prudent approach to financial solutions coupled with our commitment to maintaining transparency and risk diversification has ensured that our Financial Services arm has been expanding at a rapid rate through the year. The revenue of Softlogic Capital Group has risen to Rs. 960 million from Rs. 532 million in the previous year, which marks an impressive increase of 81% year on year growth. Plans have also been drawn up to transform Softlogic Capital into a fully-fledged investment banking arm in the near future. We are already in the process of injecting asset management expertise into this sector of the Group.

The month of August 2011 will witness a remarkable moment in our history, when Softlogic acquires Asian Alliance Insurance PLC, a leading insurance company in the country. This addition to our existing lines of business - financial, healthcare and automobile sectors - will offer perfect synergies for insurance and related products, serving to boost the group's bottomline. Over time, we intend to make these financial instruments available through all our retail outlets in adherence to our multi channel strategy.

### Automobile Sector

The Softlogic Group's Automobile sector is focused on delivering the highest levels of product and service excellence to the increasingly sophisticated Sri Lankan consumer. As the authorised Ford Dealer for Sri Lanka, the Group is forging towards its ambition to become one of the top three car companies in the country within its first two years of commencing business with two world-class automobile brands - Daihatsu and Ford. Our state-of-the-art service centre gives customers industry's best levels of service, sales, and spare parts excellence all under one roof. The government's move to open up vehicle permits has resulted in increased sales and succeeded in ramping up our topline and bottomline.

### Information and Communication Technology

ICT has been the pivot on which Softlogic ascended to the higher echelons of the corporate world and now your Company boasts an expanded ICT arm with a focus on the fast-growing Corporate, Government and Small & Medium Businesses (SMB) segments in Sri Lanka and overseas.

During the period under review, Nokia maintained its market leadership - selling 767,325 handsets in 2011 compared to 370,390 units in 2010. We plan to continue this growth momentum further, while at the same time placing greater emphasis on after sales service and on up-skilling our sales and service teams.

### Travel & Leisure

Softlogic made an aggressive entry into the leisure sector with the takeover of Hotel Ceysands in Bentota in 2010. Already, the hotel has delivered better results since it was brought under our ambit. The hotel will be under refurbishment for a period of one year from October 2011 onwards and will be re-launched as a world-class beach resort and spa under Centara International Management in time for the peak winter 2012 season. The beachfront property will be extensively developed and transformed into a luxury 4 -star plus resort with 160 well appointed world-class rooms and a full suite of amenities. Guests will have access to both the sea and the lagoon, and water sports will feature heavily in the hotel's recreation options.

Cognizant of the immense potential for tourism with the end of the three-decade long war, your Company has also partnered with Movenpick, one of the world's leading hotel chains, to build a city hotel at the heart of Colombo. Located in the business centre of the nation's capital, Movenpick Hotel Colombo will be a 24-storey, 220-room, 5-star prestige property, with a complete suite of amenities catering to business travellers. The hotel will feature world-class conference and meeting facilities, banquet facilities, four restaurants serving diverse cuisines, and a full range of recreational facilities, such as a fully-equipped gymnasium, a swimming pool, and a health spa.

We remain in close pursuit of other opportunities in the leisure sector and plan to become a major player in this segment. Your Company has long established its presence in the travel trade with Abacus International Lanka (Pvt) Ltd, a joint venture between Abacus International (Pte) Ltd., Singapore. Abacus services the local travel agency community with core solutions for reservation fulfilment and value added tools to simplify and increase operational productivity.

### Future Outlook

We move forward with great optimism and are keen to gain the most from a promising environment. We expect consumer confidence and hence our Retail thrust to steadily improve with the national objective of doubling per capita income by the year 2015, a relishing prospect. Our business portfolio has great balance, with solid cashflows being generated from the Healthcare sector.

Your Company plans to deepen its relationship in all these sectors over the next few months and years. We are working in earnest towards securing market leadership status in all market segments underpinned by a reputation for ethical operations and transparency. Your Company is emerging as an entity with the unique ability to blend technology and execution to deliver customer satisfaction. We will continue to build a brighter future for the group and all its stakeholders, while nurturing our core beliefs and values, not to mention the entrepreneurial spirit that has brought us this far. Sustainable growth will underscore all our operations, backed by professional staff, the necessary infrastructure, the brand equity and loyal investors.

I would like to reassure you, our valuable shareholders that my colleagues on the Board and I, with the support of the entire Softlogic Holdings Team, will make an honest effort to consolidate our gains thus far, delivering increased shareholder value. Your Company is here for the long haul and will ensure that our sustainable operations, strict adherence to corporate governance and profitability, will ensure our longevity and dominance at the apex of the country's entrepreneurial landscape.

### In Conclusion

I would like to thank my fellow Directors on the Board for their support and confidence, and for standing by tough decisions we have had to make to get where we are today. The success we enjoy today has been made possible by the entire Softlogic Holdings Team to whom I am grateful. We are motivated and rejuvenated by the faith placed in us by all our stakeholders and pledge an even more memorable financial year ahead.



**Ashok Pathirage**  
Chairman

22 August 2011

**“During the period under review, Nokia maintained its market leadership - selling 767, 325 handsets in 2011 compared to 370,390 units in 2010. We plan to continue this growth momentum further, whilst at the same time placing greater emphasis on after sales service and on up-skilling our sales and service teams.”**

# Board of Directors



L to R - Samantha Rajapaksa, Prasantha Lal De Alwis, Haresh Kaimal, Dr. Sivakumar Selliah, Ashok Pathirage, Ranjan Perera, Roshan Rasool, Hemantha Gunawardena, Deshamanya Deva Rodrigo





**Mr. Ashok Pathirage***Chairman/Managing Director*

Mr Ashok Pathirage co-founded Softlogic in 1991 and has served the Softlogic Group as the Managing Director from the inception. He was appointed as the Chairman of the Group in 2000 and is also the Chairman and Managing Director of the Asiri Group of Hospitals. He is the Chairman of Softlogic Capital Ltd and Softlogic Finance PLC.

He also serves as the Deputy Chairman of the National Development Bank PLC Board.

He started his career at a leading Blue Chip Company in Sri Lanka and has over 25 years of experience at Senior Managerial capacity in the Information Technology Industry and in the Business world.

**Mr. Hemantha Gunawardena***Executive Director*

Mr. Hemantha Gunawardena is a co-founder of the Softlogic Group and has served the Softlogic Group as a Director from the inception. He is currently the Director/CEO of the Software Division of Softlogic Information Technologies (Pvt) Ltd. He is currently the Managing Director of Softlogic Information Systems (Pvt) Ltd. He has over 20 years of experience in the field of IT and has held the position of Senior Software Manager at a leading Blue Chip Company in Sri Lanka.

**Mr. Haresh Kaimal***Executive Director*

Mr. Haresh Kaimal is a co-founder of the Softlogic Group and has served the Softlogic Group as a Director from the inception. He currently heads the IT Division of the Softlogic Group.

He has over 20 years of experience in the field of IT and has specialized in industries covering shipping, accounting, finance and freight forwarding.

**Mr. Ranjan Perera***Executive Director*

Mr. Ranjan Perera joined the Softlogic Group in 1997 and currently is 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 at Senior Managerial positions in respect of world renowned brands in the electronics and mobile telecommunication industry.

**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 a business partnership with Dell Corporation of US.

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 many years of experience behind him having worked at Senior Managerial positions in reputed companies.

**Mr. Samantha Rajapaksa***Executive Director*

Mr. Samantha Rajapaksa joined the Softlogic Group in 2008 and currently is the Director/CEO of Softlogic Communications (Pvt) Ltd. He was appointed to the Board of Softlogic Holdings PLC in 2009.

He is a MBA holder from the University of Sri Jayawardenepura. He is also a Fellow Member of the Chartered Institute of Management Accountants (FCMA), Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA) and holds a Diploma in Marketing from the Chartered Institute of Marketing (London) and is an Associate of Cisco, USA.

He has many years of experience both local and overseas behind him having worked at Senior Managerial positions in reputed companies.

**Dr. Sivakumar Selliah***Non-Executive, Independent Director*

Dr. Selliah joined the Board of Softlogic Holdings PLC in 2010. He holds a MBBS Degree and a Masters Degree (M.Phil). He has over 19 years of experience in the business world and serves on the Boards of many Public Quoted Companies and Unquoted Companies in Sri Lanka. He is also the Deputy Chairman of Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC, and The Central Hospital (Pvt) Ltd among other companies.

**Deshamanya Deva Rodrigo***Non-Executive, Independent Director*

Deshamanya Deva Rodrigo was appointed to the Board in February 2011, Deva Rodrigo, a Chartered Accountant, had a career with the International Accounting and Consulting Firm Pricewaterhouse Coopers, joining it in East Africa in 1974 and serving in its London Offices in 1980. He was a Founder Partner when Pricewaterhouse Coopers established its Sri Lankan firm in 1981, and 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 for Sri Lanka and a member of the National Council for Administration. He has previously served as the Chairman, Audit Committee and Non Executive Director of Ceylon Tobacco Co. PLC, Chevron Lubricants Lanka PLC and John Keells Holdings PLC.

**Mr Prasanth Lal De Alwis***Non-Executive, Independent Director*

Mr. Prasanth Lal De Alwis 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. Mr. De Alwis was appointed as an Advisor to the Board of Sampath Bank PLC in January 2011, after being a Director for nine years. He continues to be a member of both the Human Resource and Risk Committees of Sampath Bank PLC after being the Chairman of both committees prior to retirement. He is presently a Director of Sampath Leasing and Factoring Ltd and also of Sri Lanka Foreign Employment Agency.

He is also a member of the Official Languages Commission of Sri Lanka 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 Wickremaratchi) Association of Sri Lanka. He was a founder member of the Consumer Affairs Authority of Sri Lanka in year 2002.

## RETAIL



## HEALTHCARE



## AUTOMOBILE



## FINANCIAL SERVICES





# SECTORS

INFORMATION & COMMUNICATION  
TECHNOLOGY



TRAVEL & LEISURE



With a diversified portfolio of businesses that profit from Sri Lankan opportunities, the Softlogic Group is one of the most exciting, diversified, investor-friendly conglomerates in the country.

We have built strong, sustainable market-leading positions in a range of high-growth sectors, including Information & Communication Technology, Healthcare, Retail, Financial Services, Automobiles and Leisure.

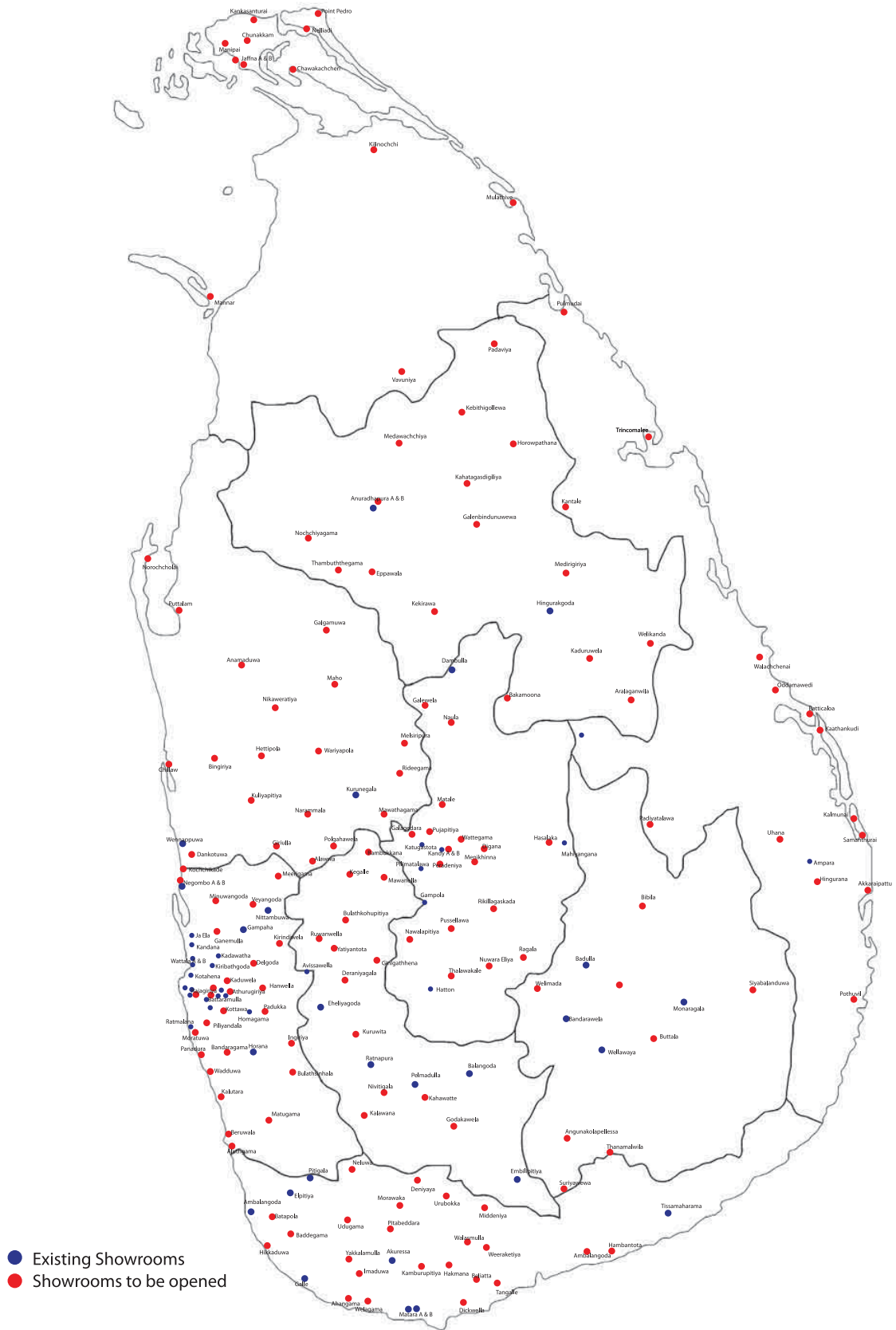
# Our Brands

A PORTFOLIO OF WORLD CLASS BRANDS...

Our brands are among the world's finest: a list of names known both here and overseas for quality, reliability, world class technology and global acceptance...

SAMSUNG . PANASONIC . NOKIA .  
ONIDA . CANDY . IGNIS . DELL .  
XEROX . CORNELL . DEBENHAMS .  
LEVIS . NIKE . GIORDANO . MANGO .  
KING KOIL . CAROMA . NEC .  
SB FURNITURE . ENWARE .  
CISCO . KONCEPT .





# Sector Review

Softlogic Holdings PLC is one of Sri Lanka's premier blue chip enterprises with revenues in excess of a USD 100 Mn. The Group operates in the Retail, Financial Services, Healthcare, Information and Communication Technology, Travel & Leisure and Automobile sectors, and is widely considered one of Sri Lanka's fastest growing conglomerates.



## Retail

The Softlogic Group has become a key player in the retail industry. In the financial year 2010/2011 the retail sector had an impressive turnover of Rs. 2 Bn in comparison to the Rs. 586 Mn recorded in the previous year. Our pioneering presence has given us key insights into the consumer market in Sri Lanka along with the capacity to forecast economic and demographic trends in the market. The retail division contributed Rs. 241 Mn to the Group operating profits during the period under review.

Uni Walkers (Pvt) Ltd., a subsidiary of Softlogic Holdings, controls the majority of the Group's retail operations. The company secured the exclusive franchise rights for globally renowned brands such as Nike, Levis and Giordano during 2010 financial year. We opened 3 Levi's outlets during the past year and the Nike flagship store in the first quarter of the 2012 financial year. Plans are in place to follow this up with several Nike Premium stores in key cities in the near future.

We anticipate opening retail outlets for Giordano and the leading European brand Mango in 2011/2012 and are poised to be the market leader for branded apparel in Sri Lanka.

**Our pioneering presence has given us key insights into the consumer market in Sri Lanka along with the capacity to forecast economic and demographic trends in the market. The retail division contributed Rs. 241 Mn to the Group operating profits during the period under review.**

Uni Walkers entered into an agreement with the globally reputed department store, Debenhams during 2010, and will set up a store in Colombo that will mirror the genuine Debenhams experience that can be had anywhere else in the world.

The Group continued to add new furniture and accessory models in the furnishing sector, to enhance its wide variety of international brands including, King Koil, Sheridan and Caroma. The Group is also cultivating local craftsmanship by ushering locally crafted furniture and accessories into its furniture segment.

The year 2010/11 was marked by strident retail expansion and Uni Walkers now has 4 Softlogic Max showrooms and 80 Softlogic Retail Outlets, and is on target to open 150 outlets by the end of 2011 and 250 outlets by the end of year 2012. Its outlets also display a comprehensive bouquet of brands such as Panasonic, Samsung, Onida, Cornell, Ignis and Candy range of Consumer Electronics offering customers the 'Best Brands with the Best Deals'.

New Softlogic outlets have been opened in Galle, Tissamaharama, Horana, Ambalangoda, Pita Kotte, Ja-ela, Akuressa, Wellawaya, Badulla, Nittambuwa, Kadawata, and Anuradhapura. Outlets in Negombo, Kurunegala and Ratnapura are slated to be opened during the latter part of 2011.

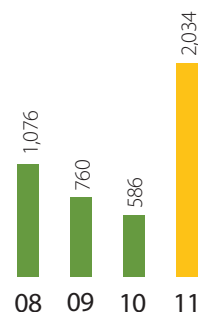
### Retail

PAT (Rs. Mn.)



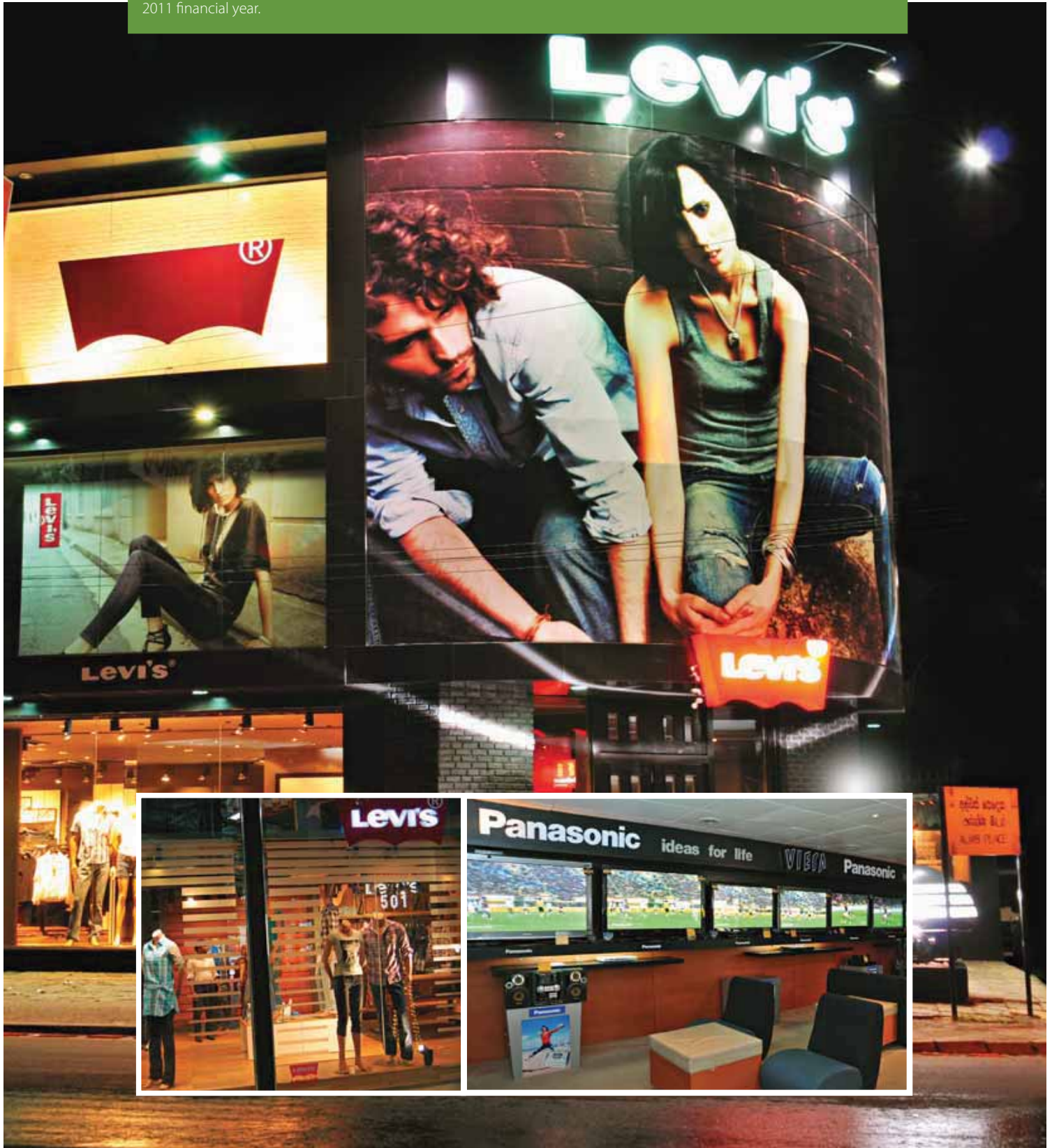
### Retail

Revenue (Rs. Mn.)





The company secured the exclusive franchise rights for globally renowned brands such as Nike, Levi's and Giordano during 2010. We opened 3 Levi's outlets during the year 2010 and the Nike flagship store in the first quarter of the 2011 financial year.



## Sector Review

(Continued)



# Information & Communication Technology

During the year under review the ICT sector recorded a turnover of Rs. 6.5 Bn against Rs. 4.1 Bn reported in the previous financial year. Expansion and growth in this sector was evident in the Rs. 745 Mn operating profit that was reported for the year. The sector performed satisfactorily during the financial year despite challenging circumstances caused by global recession and cutbacks in software and hardware investments by local businesses. We were able to surmount the obstacles by fending off competition with better prices and enhanced benefits.

The Group is committed to providing quality, world-class information and communication technology services from hardware services, software services and information integration to office automation by offering end-to-end ICT services and solutions.

The sector performed satisfactorily during the financial year despite challenging circumstances caused by global recession and cutbacks in software and hardware investments by local businesses.

Softlogic is the authorized distributor for several leading international brands which allows it to offer an extensive range of consumer and corporate hardware solutions. The Group retained its position as one of the leading providers of Dell computers to the Sri Lankan market.

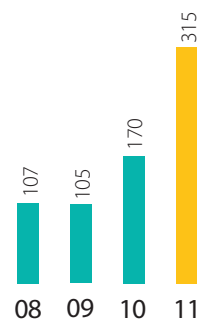
Softlogic Communications is the sole authorized distributor for Nokia phones and accessories in Sri Lanka, with 7 key distributors and over 2000 retail points across the island in addition to the 11 exclusive Nokia stores. Despite increased competition we retained market leadership and reported a significant YoY growth in revenue and profits.

In the software sector, Softlogic Information Technologies is dedicated to providing software development solutions ranging from enterprise application development to intranet and knowledge management applications.

The outlook for 2011/12 is far more optimistic, with the company plans to launch a new software product created for the core banking sector which we hope to market by 2012. This is a niche area with a low level of competition and our foray into providing solutions for the core banking sector will bring us to a position of strength, enabling us to offer the product at the best price with additional benefits compared with what is offered by the handful of local and foreign suppliers operating in the segment currently.

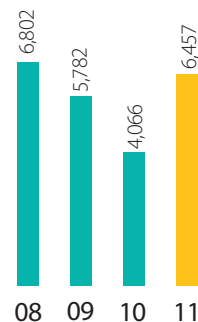
## ICT Sector

PAT (Rs. Mn.)



## ICT Sector

Revenue (Rs. Mn.)





The Group is committed to providing quality, world-class information and communication technology services from hardware services, software services and information integration to office automation by offering end-to-end ICT services and solutions.



## Sector Review

(Continued)



# Healthcare

The healthcare business exceeded performance forecasts to record an exceptional year. Turnover from this sector, for the period since acquisition of the controlling interest of the Asiri Group of Hospitals was Rs. 1.2 Bn contributing Rs. 320 Mn to the Group gross profit.

Currently, the Asiri Group of Hospitals is poised as the No. 1 private healthcare provider with the highest number of beds in the country. The Hospital Group surpassed the financial projections for the last financial year increasing its gross profit by 27% to reach Rs. 2.2 Bn.

The health care business exceeded performance forecasts to record an exceptional year. Turnover from this sector, for the period since acquisition of controlling interest of the Asiri Group of Hospitals was Rs. 1.2 Bn contributing Rs. 320 Mn to the Group gross profit.

Asiri Hospital in an effort to be a centre of excellence in Healthcare acquired a Olympus 680 biochemistry analyzer, the tenth machine in the world, as well as the country's fastest haematology analyzer, which is proving to be a boon for dengue afflicted patients.

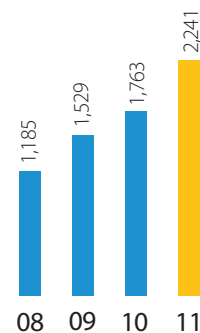
Our resolve to establish a wider footprint has led to the establishment of a much-needed Pathology Laboratory in Jaffna, an area which lacked sophisticated diagnostic facilities so far.

The Group will continue to invest in this sector ensuring we offer the latest medical equipment and facilities to patients and our commitment to take quality healthcare islandwide is driving innovation and excellence in the sector.

Sri Lanka is already experiencing a boom in tourism and we believe that it will not be long before it is able to secure a portion of the lucrative medical tourism market. By becoming a centre of healthcare excellence, the Asiri Group of Hospitals is poised strategically to benefit from the government's efforts to make the country a hub for medical tourism.

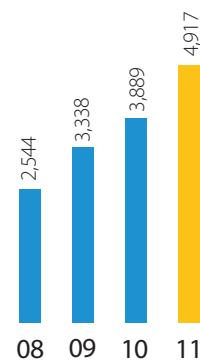
## Healthcare

Gross Profit (Rs. Mn.)



## Healthcare

Revenue (Rs. Mn.)





One of the key achievements during the period for the Group in the healthcare sector was the acquisition of a project to build a 100-bed hospital in Kandy.



## Sector Review

(Continued)



# Financial Services

In August 2010, Softlogic made its entry into the financial services industry by acquiring a majority stake in Capital Reach Holdings Ltd. The Company was subsequently renamed Softlogic Capital Ltd and has been identified as the Financial Services Holding Company of the Group.

Softlogic Finance PLC is the flagship company that offers the retail and SME customer, both personal and business financial solutions through Softlogic Finance branch network as well as selected Softlogic Retail Stores that are expanding Island-wide. The product offering of the company currently covers Leasing and Hire Purchase Financing, Fixed Deposits and Savings Accounts, Personal Finance, Business Finance and Gold Loans. The Company has one of the lowest risk ratios in the industry, with Net Non-performing loans at 0.4%. The company reported Profit After Tax of Rs 69.3Mn for the year 2011 with Advances recorded at Rs 3.8 Bn and Total Assets at Rs 4.5 Bn. Total Financial Services Group Assets were Rs 5.4 Bn.

Softlogic Credit Ltd (formerly Capital Reach Credit Ltd.) specializes in small and micro credit financing. The product offering of the company covers leasing and hire purchase to the micro sector. Customers can obtain group Personal loans and Gold loans that are utilized for personal financing as well as micro business financing.

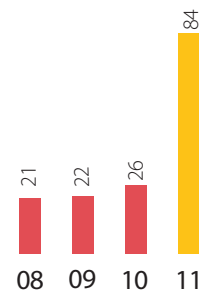
The company had an advance portfolio of Rs 589 Mn and total assets of Rs 681 Mn as at 31st March 2011 and operates five Gold Loan centres with Personal Loan product distribution undertaken through the branches of Softlogic Finance.

We have ambitious plans to develop our financial services sector. The recent addition of Asian Alliance Insurance PLC is soon to be followed up with the setting up of Asset Management and Stock Broking, that will all come under Softlogic Capital, enabling the Group to harness the multitude of opportunities available in addressing the investing, funding, financing and risk management requirements of our clients.

**Softlogic Finance PLC is the flagship company that offers the retail and SME customer, both personal and business financial solutions through Softlogic Finance branch network as well as selected Softlogic Retail Stores that are expanding Island-wide.**

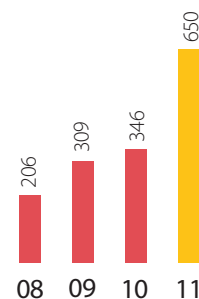
## Financial Services

PBT (Rs. Mn.)



## Financial Services

Gross Income (Rs. Mn.)





The company had an advance portfolio of Rs 589 Million and total assets of Rs 681 Million as at 31st March 2011 and operates five Gold Loan centres with Personal Loan product distribution undertaken through the branches of Softlogic Finance.



## Sector Review

(Continued)



# Automobile

The automobile market experienced a phenomenal growth during the year under review due to the government initiative of reducing duties and taxes. As a consequence of this the number of private cars registered in the same period increased by an astounding 300%. Additionally, the vehicle import market recorded a 215% growth in terms of value, increasing from Rs. 37 Bn in 2009 to Rs. 117 Bn in 2010.

The Government of Sri Lanka (GOSL) laid the foundations for this strident growth with some key measures. The duty structure on the imports of motor vehicles was revised in June 2010, thereby reducing the overall effective tax rate on the imports of motor vehicles by approximately 50%. The sector further benefited from the Budgetary proposals announced in November 2010 to remove Regional Infrastructure Development Levy (RIDL), reduce import duties and taxes on passenger vehicles by 25%, reduce customs duties on motor vehicle spare parts and to remove VAT on leasing to three wheeler operators, lorry truck operators and bus operators. The government's move to open up vehicle permits also contributed to this growth in the automobile sector.

The Groups' Automobile sector had a turnover of Rs. 356 Mn as compared with Rs. 92 Mn in 2010. This allowed the Groups' Automobile operations to earn a gross profit of Rs. 46Mn during the period under review.

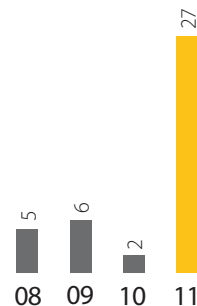
The year laid the foundation for a remarkable growth in our automobile business despite being limited in the number of vehicle models we offered. Registrations of Daihatsu vehicles during this period increased by 76% in comparison to the previous year. Group's Automobile sector had a turnover of Rs. 356 Mn as compared with Rs. 92 Mn in 2010. This enabled the Group's Automobile operations to earn a gross profit of Rs. 46 Mn during the period under review.

We are happy to announce the launch of Ford vehicles in Sri Lanka during 2011/2012 financial year offering customers a larger product portfolio serving a greater segment of the market. We are confident of placing Ford within the top 3 brands of motor vehicles in the country within a short period of time.

Plans have already been set in place for the development of a state of the art 3S (Sales, Service and Spares) facility in Pelawatte. This is designed and developed in accordance with Ford's latest global showroom design standards to offer a superior brand and purchase experience. Construction work is anticipated to commence in the last quarter of this calendar year and completed within 12 months. This would further propel Ford to the forefront of the automobile market in Sri Lanka.

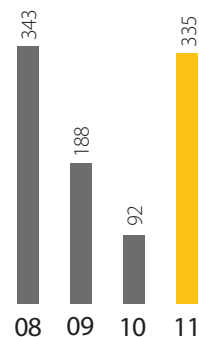
## Automobiles

PAT (Rs. Mn.)



## Automobiles

Revenue (Rs. Mn.)



Our modern service centre continued to attract higher numbers of customers through the year, driving value addition through industry-best levels of service, sales, and spare parts.



## Sector Review

*(Continued)*



# Leisure & Travel

2010/11 has proved to be a landmark year for our fledgling leisure plans, which established strong roots during this period with our entry into the sector. The group signed a Management Agreement to operate 'Mövenpick Hotel Colombo' with the world renowned hotel chain Mövenpick Hotels and Resorts. Softlogic will commence construction of the prestigious Mövenpick City Hotel in September 2011 on the Group owned 90 perch prime land located in Colombo 3. The property will be developed into a 5-Star rated, 26 storey hotel, consisting of 224 well appointed rooms and is expected to be operational within two years from the start of its construction.

The Group also cast its net wider, with the purchase of Hotel Ceysands in Bentota as its first acquisition in the leisure sector. Refurbishment plans include upgrading the existing hotel into a 4-star plus rated resort on par with internationally renowned resorts. A Management Agreement has also been signed with a well known international hotel and resorts management Group, Centara Hotels and Resorts, to manage the property. Hotel Ceysands currently operates 84 rooms, post refurbishment this number will be increased to 160 and the facilities will include a spa and 3 specialty restaurants.

**The decision to enter the leisure sector was taken after careful consideration of the future prospects for tourism in Sri Lanka, which appears extremely bright in a post war context.**

The decision to enter the leisure sector was taken after careful consideration of the future prospects for tourism in Sri Lanka, which appears extremely bright in a post war context. Tourist arrivals to Sri Lanka in 2010 reached 654,476, which is a 41% increase over arrivals in 2009, significantly higher than the forecast of 575,000 arrivals for 2011. The rising tourist arrivals will pose a challenge as the current availability of rooms in the country is 14,461 rooms at the end of 2010, with occupancy reaching over 80% during peak times. Tourism has been identified as a key thrust area by the government. This has set the stage for an industry boom which will pay rich dividends in the medium to long term to key strategic operators in this space.

The Group's travel business continues to flourish, with Abacus International Lanka (Pvt) Ltd, the joint venture between Abacus International (Pte) Ltd in Singapore and Softlogic Holdings. Abacus is Asia's leading provider of travel solutions and services and currently provides core solutions for reservation fulfillment and value added tools to simplify and increase operational productivity for the travel agency fraternity.

Abacus International reported a growth in revenue of 8.7% in the last financial year in comparison to the performance in the previous year. This was due to strong booking numbers during the period as a result of a focused sales approach and increased operational efficiency. We expect this trend to continue in the current year. This trend is expected to continue in the current year.



The Group's future in the leisure sector looks especially promising. Having partnered up with two world class hotel management brands, Movenpick and Centara, the group is in an ideal position to capitalize on Sri Lanka's booming tourism industry, with Movenpick set to cater to business travellers and Centara to offer a luxury resort experience. We are happy to present images of these world class hotels below.



# Risk Management Report

We believe Risk Management is an integral part of our business and our success as a diversified conglomerate depends on our ability to respond to key risks and harness the opportunities that arise from them. We consider risk and return go hand in hand and aim to strike the right balance between them by managing risks.

The Directors continuously identify systems to be implemented in order to assess risks in advance of their occurrence in order to minimize their potential impact on the Group.

## Operational Risk

Successful risk management is particularly important to a diversified conglomerate such as Softlogic Holdings with interests in many different industries. The Group accepts risks when the benefits outweigh the cost and believe in not taking unnecessary risks. We put great emphasis in planning in order to anticipate and manage risk at the right levels of decision making.

Operational risks are managed through a Group wide operational risk policy, procedures, controls and monitoring tools. These processes and procedures are continuously reviewed and revised with the consultation of Divisional Heads and Line Managers.

The Group practice a proactive risk management approach in contrast to adopting a reactive one of managing losses.

We perform in depth risk management before a project is implemented with sufficient time to plan and prepare for any potential risks. The process identifies key risk elements and ensures necessary monitoring tools are incorporated to each stage of the project. In key projects Directors work with the Project Managers to identify and build these tools.

## Market Risk

As a leader in the market for consumer electronics, branded apparel and furniture, the Group is exposed to intense competition, new entrants, changes to consumer attitudes and economic conditions. The Group focuses on continuous innovation and is driven to add to the current line of product offers. The management teams regularly monitor consumer trends in the market and produce long term planning and diversification strategies based on these changing trends.

## Investment Risk

The Group with its diversification runs the risk being faced with poor performing investments and uncertainties attached to making an investment that may not yield the expected returns.

The Management of the Group employs stringent evaluation of risks associated with each new investment through the utilization of in-house expertise and external consultants as required. All new investments have the prerequisite of needing to satisfy the minimum expected return of the Group and be within the parameters of the Group.

Investment agreements are drafted to ensure the risks to the group are mitigated or minimized. When investing in new projects, preference is given to the formation of strategic alliances with reputed partners for the creation of synergies. Certain risks are accepted in consultation with the Board with a view of future growth and potential profitability of the investments.

## Interest Rate Risk

The Group is conscious of the Company's exposure to adverse movement in interest rates in local currency as well as foreign currency that could lead to increased cost of borrowing or lower interest income and thus having a direct impact on the Group's profitability. The Company's strong brand strength and financial dependability help ensure ready access to funds at attractive rates. During 2010/2011 interest rates prevailing in the country initially declined but later stabilized at low levels.

The Group manages and mitigates its interest rate risks through its Central Treasury Department. The impact of movement in interest rates pertaining to short-term borrowings is minimized by obtaining facilities on favourable terms from commercial banks and aggressively negotiating with the same to obtain competitive terms for short-term borrowings. Where it is applicable movements in interest rates on long term borrowings are mitigated by interest rate swaps.

## Credit Risk

The Group mitigates the adverse impact on liquidity as a consequence of delayed payments and non-payment by debtors through stringent credit collection processes at SBU level. Each business unit has its credit policies and the Business Unit Heads are responsible for ensuring the teams adhere to these practices.



# Corporate Governance

The Board of Directors of Softlogic believe that good corporate governance practices provide an imperative framework to assist them in fulfilling its responsibilities. The Company enshrines the highest ethical standards in the conduct of its business and set out the core values of staff in their dealings with shareholders, customers, colleagues, suppliers and all other stakeholders of the organization. These corporate governance principles are approved by the Board and reviewed annually.

## Board of Directors

The Board's main responsibility is designing and delivering sustainable shareholder value, within a robust corporate governance structure that maintains investor confidence and business integrity.

The Company is fully-compliant with the Companies Act No 7 of 2007, and the Rules on Corporate Governance published by the Colombo Stock Exchange.

The Board comprises of six Executive Directors and 3 Non-Executive Directors. Their profiles appear on the Board of Directors section of the Annual Report. The Board of Executive Directors has the responsibility for formulating and implementing operational decisions and running the Group's business matters whilst providing leadership and articulating Group's objectives.

The Non-Executive Directors support the skills and experience of the Executive Directors, contributing to the formulation of policy and decision-making through their knowledge and experience of other business sectors. Their mix of skills and business experience is a major contribution to the proper functioning of the board and its committees, ensuring that matters are fully debated and that no individual or group dominate the Board's decision-making process.

Information is easily accessible to the Directors as necessary to execute their duties and responsibilities effectively and efficiently.

## Time commitment

The Board dedicates adequate time to discharge their duties effectively. In addition to Board meetings, they attend sub-committee meetings and make decisions via circular resolutions.

## Board Meetings and Attendance

The Board generally meets once a quarter. Special Board Meetings are also held as and when needed. Scheduled Board meetings are arranged well in advance to ensure, as far as possible, that Directors can manage their time commitments. All Directors are provided with supporting documents and relevant information for each meeting

and are expected to prepare themselves for and to attend all Board Meetings, shareholders meetings and all meetings of the committees on which they serve, unless there are exceptional circumstances that prevent them from doing so. When Directors are unable to attend a Board Meeting, they are advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting or to participate the meeting via teleconference.

## Appointment to the Board

Appointments of new Directors to the Board are based on collective consensus of the existing members. In making new appointments, the members consider the composition of the Board in order to ascertain whether the right mix of skills and expertise is available to drive the Group forward. The appointment of Non-Executive Independent Directors is based on their competence and experience and how they would complement the existing skills within the Board of Directors.

## Conflict of interest and independence

The Directors have the responsibility to determine whether he has a potential or actual conflict of interest arising from external associations, interests in external Director posts and personal relationships which may influence their judgment. Such potential conflicts are reviewed by the Board from time to time.

## Role of Chairman/Managing Director

The Chairman, who is also the Managing Director of the Group, is responsible for leading the Board and for its effectiveness whilst implementing the strategies and policies formulated by the Board. He is responsible for setting the tone for the governance and ethical framework of the Group and ensures dynamic and productive relationships are maintained among the Executive and Non-Executive Directors of the Board. As the Managing Director he works with the Executive Directors in striking a balance between their board and executive responsibilities.

The Board, after careful deliberation has agreed that combining the roles of Chairman and Managing Director is appropriate for the Group in meeting stakeholder objectives in a conglomerate setting.

## Appraisal of the Managing Director

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

The Board met 4 times during the year under review and additional meetings were held as required. The attendance is given below.

Mr A K Pathirage	ED	(Chairman / Managing Director)	4/4
Mr G W D H U Gunawardene	ED		4/4
Mr R J Perera	ED		3/4
Mr H K Kaimal	ED		1/4
Mr M P R Rasool	ED		4/4
Mr S A B Rajapaksa	ED		4/4
Dr S Selliah	NED/ID	(appointed w.e.f. 1st April 2010)	4/4
Deshamanya P D Rodrigo	NED/ID	(appointed w.e.f. 8th February 2011)	0/1
Mr W M P L De Alwis	NED/ID	(appointed w.e.f. 29th March 2011)	0/0

ED – Executive Director

NED/ ID – Non-Executive/ Independent Director

## Sector Review

(Continued)

### Re-election of Directors

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

### Independence of the Directors

The Board considers each Non-Executive Director's independence on an annual basis. The Board having reviewed the independence of each Non-Executive Director concluded that Dr. S Selliah, Deshamanya P D Rodrigo and Mr. W M P L De Alwis meet all the criteria of independence as per the Rules issued by the Colombo Stock Exchange.

### Access to independent professional advice

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

### Remuneration of the Directors

The remuneration of the Directors is determined by the Board and disclosed in this Report.

### Compliance with the Corporate Governance Rules of the Colombo Stock Exchange

The following disclosures are made in conformity with Section 7 of the Rules of the Colombo Stock Exchange:-

Section	Criteria	Has the Company met the Criteria
7.10.1	Non-Executive Directors	Complied with. Out of 9 Directors 3 are Non-Executive Directors.
7.10.2	Independent Directors	Complied with. The Non-Executive Directors, all of whom are independent.
7.10.3	Disclosures relating to Directors	Complied with.
7.10.4	Remuneration Committee	Complied with. Comprises of two Independent Non-Executive Directors. The names of the members of the committee are given in this Report.
7.10.5	Audit Committee	Complied with. Comprise of three Independent Non-Executive Directors. The report of the committee is given in this report. The Chief Financial Officer attends all the meetings.

### Company Secretary

Messrs Secretaries & Registrars (Private) Limited, acts as the Company Secretaries. The role of the secretary is dealing with Directors at Board Meetings and with shareholders. The Company Secretary attends Board Meetings and ensures that minutes are kept of all proceedings at the Board Meetings. The Company Secretary advises the Board and ensures that proper procedures and applicable rules and regulations are followed by the Board.

### Investor relations

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



# Annual Report of the Board of Directors

The Directors take much pleasure in providing to the members the Annual Report of Softlogic Holdings PLC together with the audited financial statements of the company and the audited consolidated financial statements of the Group for the year ended 31st March 2011.

## Principal Activities

Softlogic Holdings PLC acts as the holding company which manages the Group's portfolio of holdings which consists of a diversified range of business operations which as one form the Softlogic Group.

## Review of Operations

A review of the operations of the Group and its performance during the year is contained in the Chairman's Review of the Annual Report. This review together with the Financial Statements reflect the state of affairs of the Company and of the Group. These reports form an integral part of the Directors' Report.

## Accounting Policies and Financial Statements

The accounting policies adopted in the preparation of the Financial Statements are given in note 1 of the financial statements. There have been no changes in the policies adopted by the Group during the period under review.

Section 168 (b) of the Companies Act require that the Annual Report of the directors include Financial Statements of the Company and of the Group, in accordance with section 151 of the Act.

## Internal Audit Report

The report of the Audit Committee is given under the Board Committee reports section of this report.

## Internal Control

The Board has overall responsibility for the Company's system of internal control and periodically reviews its effectiveness. The internal control system has been designed to meet the particular needs of the organization concerned, and the risk to which it is exposed, and by their nature, can provide reasonable but not absolute assurance against material mis-statement or loss.

The Board is satisfied with the effectiveness of the internal control system for the period up to the date of signature of the accounts.

## Directorate

The list of Directors who held office during the year under review are given in the Directors' profile section of this report.

Dr S Selliah, Deshamanya P D Rodrigo and Mr W M P L De Alwis were appointed as Non-Executive Directors with effect from 1st April 2010, 8th February 2011 and 29th March 2011 respectively.

Mr. A K Pathirage was appointed as the Alternate Director to Mr. H K Kaimal on 30th November 2010.

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

## Directors' Shareholding

Directors' interest in shares of the Company as at 31st March 2011 was as follows:

Name of Director	No. of Shares	
	2010	2011
A K Pathirage	32,150,000	321,500,000
G W D H U Gunawardena	5,700,000	57,000,000
R J Perera	5,839,000	58,390,000
H K Kaimal	6,450,000	64,500,000
M P R Rasool	-	-
S A B Rajapaksa	-	-
S Selliah	-	2,000,000
P D Rodrigo	-	-
P L De Alwis	-	-

## Interest Register

The Interest Register is maintained by the Company as per the Companies Act No. 7 of 2007. All Directors have disclosed their interests pursuant to Section 192(2) of the said Act and the related entries have been made in the Register.

## Directors' Responsibility of Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Group and of the Company to reflect a true and fair view of the state of affairs. The Directors are of the view that these financial statements have been prepared in conformity with the requirements of the Companies Act No. 7 of 2007 and the Sri Lanka Accounting Standards.

## Directors' interests in contracts and proposed contracts with the Company

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

## Directors' Remuneration

Details of the remuneration and other benefits received by the Directors are set out in the notes of the Financial Statements.

## Major Shareholders

Information about the largest shareholders of the company are given in the investor information section of the Annual Report.

## Donations

The donations made by the Company during the year amounted to Rs. 1,613,622/-.

## Auditors

Messrs Ernst & Young, Chartered Accountants are willing to continue as Auditors of the company and a resolution proposing their reappointment will be tabled at the Annual General Meeting. Auditors' report is included in this report.

### Property, Plant & Equipment

The movement in property, plant and equipment during the year under review is set out in the notes to the Financial Statements.

### Capital Expenditure

The movement in capital expenditure during the year under review is set out in the notes to the Financial Statements.

### Stated Capital

The stated capital of the Company as at 31st March 2011 was Rs. 1,058,000,000. There was an issue of 1,027,000 shares for a consideration of Rs. 73,944,000. On the 11th of February 2011 each existing share of the company was subdivided in to ten (10) ordinary shares, during the year under review.

### Reserves

The total reserves of the Group and the Company as at 31st March 2011 amounted to Rs. 1,983 Mn and Rs. (10.7) Mn respectively. The composition of reserves is shown in the Statement of Changes in Equity in the financial statements.

### Taxation

The information relation to Income Tax and deferred taxation is given in the financial statements section of the Annual Report.

### Post Balance Sheet Events

After 31st March 2011, the Group has obtained a controlling stake in Asian Alliance Insurance PLC. The company entered into a Share Purchase Agreement with Asia Capital PLC to obtain a 73.53% stake in Asian Alliance Insurance PLC, with 51% held by Softlogic Capital Ltd and 22.53% held by Softlogic Holdings PLC.

### Initial Public Offering of Shares

On 20th June 2011 - 139,000,000 ordinary shares were issued at a total consideration of Rs. 4,031,000,000/- following the initial public offering of shares.

Subsequent to the issue of shares on the 20th of June 2011 the stated capital of the Company was increased to Rs 5,089,000,000/-.

### Statutory Payments

The Directors to the best of their knowledge and belief are satisfied that all statutory payments in relation to employees and the government have been made up to date and appropriately provided for in the financial statements.

### Going Concern

The Board is satisfied that the Company has adequate resources to continue its operations in the foreseeable future and the Directors have adopted the going-concern basis in preparing the accounts.

### Annual General Meeting

The Annual General Meeting will be held on the 23rd of September 2011 at 3.00 pm at the Sri Lanka Foundation Institute, Colombo 7.

The Notice of the first Annual General Meeting is given in this report.

For and on behalf of the Board.

Sgd.

**Mr. A. K. Pathirage**  
Director

Sgd.

**Mr. H. Kaimal**  
Director

Sgd.

**Secretary**  
Secretaries &  
Registrars (Pvt) Ltd.

22 August 2011



# Report of the Remuneration Committee

The Remuneration Committee is established to ensure that the remuneration levels are sufficient to attract, motivate and retain the caliber of professionals required whilst performance incentives are set against the targets. It also regulates the overall remuneration policy for the Group, which believes in equal pay for equal jobs with no gender discrimination.

The following Directors serves on the Committee :

Mr P L De Alwis (Chariman)  
Deshamanya Deva Rodrigo

No member of the Committee has any personal financial interest and has no conflict of interest arising from their directorships in other companies and neither member participates in any bonus schemes nor employee share schemes in respect of the Company.

The Managing Director of the Company does not attend any meetings where his individual remuneration is discussed. None of the Directors are involved in deciding thier own remuneration.



**P L De Alwis**  
Chariman – Remuneration Committee

22 August 2011



# Audit Committee Report

The Audit Committee is appointed by and is responsible to the Board of Directors. The Committee was formed in 2011 in preparation for the Initial Public Offering of Softlogic Holdings PLC, under the Chairmanship of Deshamanya Deva Rodrigo, FCA, former Territory Senior Partner of PricewaterhouseCoopers, Sri Lanka and the Maldives. Committee includes two other Independent Non-Executive Directors, Dr S Selliah and Mr P L De Alwis.

The Chairman of the Audit Committee met with the external audit team and the Chief Financial Officer of the Group subsequent to the end of the financial year 31st March 2011, to review the Financial Statements to examine accounting and audit issues and to resolve them on a timely basis. Thereafter the Audit Committee met on 15th August to clear the audit issues and recommend the financial statements for consideration and approval by the Board of Directors.

The Audit Committee Charter will be developed during the year 2011/2012 for adoption by the Board.

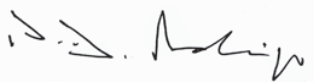
The primary objective of the Audit Committee will be to review and approve the Annual Financial Statements and Interim Financial Statements prior to their release to the Colombo Stock Exchange and thereby assist the Board of Directors to fulfill their responsibility on the integrity of financial statements. Additionally the Committee is responsible for the review of the performance of the external auditors and the internal audit function. It is also required to ensure that the external auditors are independent and recommend to the Board of Directors the reappointment or change of auditors and their remuneration.

The Committee is also responsible for overseeing the effectiveness of the internal controls over financial reporting, designed and implemented by the Management of the Group.

A risk management process will be established to function initially under the purview of the Committee. Currently the Committee oversees the risk management procedures that have been implemented by the Group.

The committee recommended to the Board of Directors a change of auditors of significant subsidiaries that would be increasing the scope of operation and investment of the Group audited by the parent company auditors Ernst & Young.

Deva Rodrigo serves as the Audit Committee financial expert as defined by the Securities and Exchange Commission.



**Deva Rodrigo**  
Chairman, Audit Committee

22 August 2011



# Investor Information

**1 General Stated Capital** Rs. 1,058,000,000.00

**2 Stock Exchange Listing**

The ordinary shares of Softlogic Holdings PLC were listed at the Colombo Stock Exchange of Sri Lanka on 12th July 2011.

**3 Shares held by the public was 20.72 % as at 31st March 2011**

**4 Distribution of Shareholding as at 31st March 2011** There were 142 Registered shareholders as at 31st March 2011.

No. of Shares held	No. of Shareholders	% of Shareholders	Total Holding	% of Total Holding
1	1,000	-	-	-
1,001	10,000	6	47,000	0.01
10,001	100,000	37	2,061,880	0.32
100,001	1,000,000	60	21,847,120	3.41
Over 1,000,000	39	27.46	616,044,000	96.26
Total	142	100	640,000,000	100.00

**5 Analysis report of Shareholders as at 31st March 2011**

Category	No. of Shareholders	% of Shareholders	Total Holding	% of Total Holding
Individual	131	92.25	599,300,000	93.64
Institutional	11	7.75	40,700,000	6.36
Total	142	100.00	640,000,000	100.00
Resident	140	98.59	638,560,000	99.78
Non-resident	2	1.41	1,440,000	0.23
Total	142	100.00	640,000,000	100.00





**6 Twenty Major Shareholders as at 31st March 2011**

	Shareholder	No. of Shares as at 31/03/2011	%
1	Mr. A K Pathirage	321,500,000	50.23
2	Mr. H K Kaimal	64,500,000	10.08
3	Mr. R J Perera	58,390,000	9.12
4	Mr. G W D H U Gunawardena	57,000,000	8.91
5	Ceylon Investment PLC	14,000,000	2.19
6	Ceylon Guardian Investment Trust PLC	13,770,000	2.15
7	Mr. K P R B Silva	10,000,000	1.56
8	Mrs. A Selliah	4,000,000	0.63
9	Strategic Insurance Brokers (Pvt) Ltd	3,500,000	0.55
10	Miss. S Subramaniam	3,500,000	0.55
11	Mr. V Kailasapillai	3,500,000	0.55
12	Mrs. A Kailasapillai	3,500,000	0.55
13	Mr. R S Captain	3,500,000	0.55
14	Arunodhaya Ltd	3,500,000	0.55
15	Arunodhaya Investments (Pvt) Ltd	3,500,000	0.55
16	Arunodhaya Industries (Pvt) Ltd	3,500,000	0.55
17	Mr. K Aravinthan	3,500,000	0.55
18	LIC (Lanka) Ltd	3,475,000	0.54
19	Mr. B W Kundanmal	3,470,000	0.54
20	Dr. K M P Karunaratne	3,000,000	0.47

**7 Equity Information**

	2010/2011
Earnings per share (Rs.)	1.3
Dividend per share (Rs.)	-
Net Asset Value per share (Rs.)	4.75



# Statement of Directors' Responsibility

The responsibility of the Directors, in relation to the Financial Statements of the Company, differ from the responsibilities of the Auditors, which are set out in the Report of the Auditors.

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

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

The Directors are responsible for keeping proper accounting records, which disclose reasonable accuracy at any time, the financial position of the Company and to enable them to ensure the Financial Statements comply with the Companies Act No. 7 of 2007.

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

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

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

## Compliance Report

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and other known statutory dues as were due and payable by the Company as at the Balance Sheet date have been paid or, where relevant provided for, in arriving at the financial results for the year under review.

For and on behalf of the Board

Sgd.  
**Secretaries & Registrars (Private) Limited**  
Secretaries

22 August 2011



# Independent Auditors' Report



## Chartered Accountants

201 De Saram Place  
P.O. Box 101  
Colombo 10  
Sri Lanka

Tel : (0) 11 2463500  
Fax Gen : (0) 11 2697369  
Tax : (0) 11 5578180  
eysl@lk.ey.com

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SOFTLOGIC HOLDINGS LTD

### Report on the Financial Statements

We have audited the accompanying financial statements of Softlogic Holdings Ltd ("Company"), the consolidated financial statements of the Company and its subsidiaries which comprise the balance sheets as at 31 March 2011, and the income statements, statements of changes in equity and cash flow statements 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 controls 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 2011 and the financial statements give a true and fair view of the Company's state of affairs as at 31 March 2011 and its profit 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 state of affairs as at 31 March 2011 and the profit 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

In our opinion, 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.

22 August 2011  
Colombo

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

# Balance Sheet

In Rs.		Group		Company	
As at 31 March	Note	2011	2010	2011	2010
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	2	10,274,534,256	968,234,769	73,555,666	61,867,487
Leasehold property	3	91,422,977	-	-	-
Investment property	4	2,420,284,222	555,275,000	125,700,000	125,700,000
Intangible assets	5	4,710,820,895	771,300,964	-	-
Investments in subsidiaries	6	-	-	5,018,655,747	645,974,725
Investments in associates	6	61,113,267	1,758,915,257	12,449,800	1,128,019,375
Other non current assets	7	245,561,360	5,917,564	242,044,175	242,044,175
Rental receivable on lease assets and hire purchase	8	2,095,891,164	-	-	-
Deferred tax assets	9	369,342,491	25,640,927	-	-
		20,268,970,634	4,085,284,481	5,472,405,388	2,203,605,762
<b>Current assets</b>					
Inventories	10	2,551,363,907	875,423,249	-	-
Trade and other receivables	11	2,878,985,826	1,503,690,022	70,715,722	137,069,170
Loans and advances	12	984,533,733	-	-	-
Rental receivable on lease assets and hire purchase	8	1,336,610,451	-	-	-
Amounts due from related parties	32	261,598	40,988,181	278,145,009	220,436,488
Short term investments	13	730,742,362	105,645,207	271,725,154	62,627,199
Income tax refunds		103,395,695	28,940,635	2,685,050	1,118,425
Cash in hand and at bank		279,647,867	443,420,258	5,743,212	183,420,491
		8,865,541,439	2,998,107,552	629,014,147	604,671,773
<b>Total assets</b>		29,134,512,073	7,083,392,033	6,101,419,535	2,808,277,535
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the parent</b>					
Stated capital	14	1,058,000,000	984,056,000	1,058,000,000	984,056,000
Capital reserves	15	684,900,723	590,924,852	-	-
Revenue reserves		1,298,686,340	464,472,033	(10,769,879)	(89,324,465)
		3,041,587,063	2,039,452,885	1,047,230,121	894,731,535
Minority interest		4,003,432,769	4,353,194	-	-
<b>Total equity</b>		7,045,019,832	2,043,806,079	1,047,230,121	894,731,535
<b>Non-current liabilities</b>					
Interest bearing borrowings	16	3,488,911,802	672,292,959	400,723,284	276,045,115
Public deposits	17	205,057,922	-	-	-
Deferred tax liabilities	18	173,917,139	56,983,666	-	-
Employee benefit liabilities	19	252,462,657	52,625,758	11,599,896	6,999,028
Deferred income		2,242,069	4,485,588	-	-
		4,122,591,589	786,387,971	412,323,180	283,044,143
<b>Current liabilities</b>					
Trade and other payables	20	1,938,594,985	662,048,204	67,623,996	24,746,514
Amounts due to related parties	32	4,049,610	5,814,471	704,590,689	691,095,181
Income tax liabilities	21	195,792,771	13,337,973	-	-
Short term borrowings	22	10,158,365,017	1,824,963,510	3,690,744,882	193,456,549
Current portion of interest bearing borrowings	16	2,895,717,810	715,397,649	142,721,412	201,235,438
Public deposits	17	1,379,779,977	-	-	-
Bank overdrafts		1,394,600,482	1,031,636,176	36,185,255	519,968,175
		17,966,900,652	4,253,197,983	4,641,866,234	1,630,501,857
<b>Total equity and liabilities</b>		29,134,512,073	7,083,392,033	6,101,419,535	2,808,277,535

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



Chief Financial Officer

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



Director



Director

Figures in the brackets indicate deductions.

The accounting policies and notes as set out in pages 47 to 86 form an integral part of these financial statements.

22 August 2011  
Colombo

# Income Statement

In Rs. For the year ended 31 March	Note	Group		Company	
		2011	2010	2011	2010
Revenue	23	10,788,466,990	4,848,808,620	159,556,537	121,669,087
Cost of sales		(7,908,037,068)	(3,459,052,374)	(77,315,815)	(85,893,631)
<b>Gross profit</b>		<b>2,880,429,922</b>	<b>1,389,756,246</b>	<b>82,240,722</b>	<b>35,775,456</b>
Dividend income	24	3,223,513	68,321	151,065,019	24,246,694
Other operating income	25	669,038,971	421,769,958	148,350,102	106,080,441
Distribution expenses		(481,811,416)	(227,091,525)	-	-
Administrative expenses		(1,358,181,681)	(620,091,491)	(108,843,591)	(38,181,870)
Finance expenses	26	(857,054,582)	(782,287,625)	(190,154,560)	(193,353,776)
Change in fair value of investment property	4	165,775,000	280,000	-	-
Write back of intercompany balances		-	-	-	28,091,964
Share of results of associates	6.4	25,399,350	71,120,500	-	-
<b>Profit /(loss) before tax</b>	27	<b>1,046,819,077</b>	<b>253,524,384</b>	<b>82,657,692</b>	<b>(37,341,091)</b>
Tax expense	28	(76,009,554)	(98,841,945)	(3,183,864)	(535,666)
<b>Profit / (loss) for the year</b>		<b>970,809,523</b>	<b>154,682,439</b>	<b>79,473,828</b>	<b>(37,876,757)</b>
<b>Attributable to:</b>					
Equity holders of the parent		829,248,354	154,116,859		
Minority interest		141,561,169	565,580		
		<b>970,809,523</b>	<b>154,682,439</b>		
<b>Earnings per share</b>					
Basic	29	1.30	0.31		

Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 47 to 86 form an integral part of these financial statements.



# Statement of Changes in Equity

## GROUP

In Rs.	Attributable to equity holders of parent						Minority interest	Total equity
	Stated capital	Revaluation reserve	Exchange translation	Statutory reserves	Accumulated profit fund	Total		
<b>As at 1 April 2009</b>	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 issue of shares	-	-	-	-	(24,351,264)	(24,351,264)	-	(24,351,264)
Currency translation differences	-	-	(42,583,796)	-	-	(42,583,796)	-	(42,583,796)
Net gain / (loss) recognised directly in equity	-	-	-	-	-	-	-	-
Surplus on revaluation	-	97,319,227	-	-	-	97,319,227	-	97,319,227
Associate company share of net assets	-	-	-	-	37,226,351	37,226,351	-	37,226,351
Profit for the Year	-	-	-	-	154,116,859	154,116,859	565,580	154,682,439
Subsidiary dividend to minority shareholders	-	-	-	-	-	-	(5,400)	(5,400)
<b>As at 31 March 2010</b>	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	-	-	-	-	73,944,000	-	73,944,000
Direct cost on issue of shares	-	-	-	-	(924,742)	(924,742)	-	(924,742)
Currency translation differences	-	-	(19,179,313)	-	-	(19,179,313)	-	(19,179,313)
Net gain / (loss) recognised directly in equity	-	-	-	-	-	-	-	-
Surplus on revaluation	-	24,512,292	-	-	-	24,512,292	-	24,512,292
Deferred Tax	-	(7,000,263)	-	-	-	(7,000,263)	-	(7,000,263)
Acquisitions, disposals and changes in holding	-	-	-	-	-	-	-	-
Associate company share of net assets	-	-	-	-	-	-	3,881,381,423	3,881,381,423
Transfer to reserve fund	-	92,228,659	-	-	-	92,228,659	-	92,228,659
Profit for the year	-	-	-	-	(3,414,497)	-	-	-
Subsidiary dividend to minority shareholders	-	-	-	-	829,248,354	829,248,354	141,561,169	970,809,523
<b>As at 31 March 2011</b>	1,058,000,000	737,845,882	(56,359,655)	3,414,497	9,305,192	3,041,587,063	(23,863,018)	(14,557,826)
					1,298,686,340	7,045,019,832	4,003,432,769	7,045,019,832

## COMPANY

In Rs.	Stated capital	Accumulated profit	Total
<b>As at 1 April 2009</b>	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 issue of shares	-	(24,351,264)	(24,351,264)
<b>As at 31 March 2010</b>	984,056,000	(89,324,465)	894,731,535
Issue of shares	73,944,000	-	73,944,000
Direct cost on issue of shares	-	(919,242)	(919,242)
Profit for the year	-	79,473,828	79,473,828
<b>As at 31 March 2011</b>	1,058,000,000	(10,769,879)	1,047,230,121

Figures in the brackets indicate deductions.

The accounting policies and notes as set out in pages 47 to 86 form an integral part of these financial statements.

# Cash Flow Statement

In Rs.		Group		Company	
For the year ended 31 March	Note	2011	2010	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit/(loss) before tax		1,046,819,076	253,524,384	82,657,692	(37,341,091)
<b>Adjustments for:</b>					
Interest income	25	(33,453,474)	(12,939,064)	(1,874,006)	(2,319,821)
Dividend income	24	(3,223,513)	(68,321)	(151,065,019)	(24,246,694)
Finance expenses	26	857,054,582	782,287,625	190,154,560	193,353,776
Change in fair value of investment property	4	(165,775,000)	(280,000)	-	-
Share of results of associates	6.4	(25,399,350)	(71,120,500)	-	-
Gratuity provision and related costs	19	26,474,510	6,679,474	4,587,743	855,668
Provision for bad debts		16,085,775	-	-	2,187,232
Changes in fair value of short term investments	25	(9,157,852)	(7,873,076)	5,268,940	(6,738,322)
Depreciation of property, plant and equipment		285,138,561	126,424,714	39,362,189	49,999,429
(Profit) / loss on sale of property, plant and equipment	25	(15,678,051)	(8,306,902)	(1,763,224)	(5,174,000)
(Profit) / loss on sale of short term investments	25	(142,357,751)	(29,384,693)	(102,097,309)	(29,384,693)
Unrealised (gain) / loss on foreign exchange		-	-	(15,522,045)	(32,322,617)
Write back on loan rescheduled	25	(4,840,675)	-	(4,840,627)	-
Write back / (off) of the intercompany balances	19	-	-	-	(28,091,964)
Write back/ (off) other liabilities		(12,204,695)	-	-	-
Impairment of Investment in Associate		-	-	3,700,000	-
Amortisation of Intangible assets	5	9,649,710	2,888,602	-	-
Provision for intercompany receivable balances		-	-	25,562,117	-
Amortisation of lease assets	3	259,233	-	-	-
<b>Profit before working capital changes</b>		1,829,391,155	1,041,832,243	74,131,011	80,776,903
(Increase) / decrease in inventories		(1,346,402,671)	(120,513,735)	-	-
(Increase) / decrease in receivable and prepayments		(860,545,945)	(488,262,905)	66,353,447	(48,593,161)
(Increase) / decrease in amount due from related parties		(5,053,038)	(7,474,032)	(67,748,592)	(20,503,065)
Increase / (decrease) in creditors and accruals		488,206,691	(250,802,945)	42,877,482	(683,535,943)
Increase / (decrease) in amount due to related parties		(1,764,861)	(3,838,961)	13,495,508	12,759,045
(Increase) / decrease in investments in lease and hire purchase		(1,280,498,320)	-	-	-
(Increase) / decrease in loans and advances		(250,026,403)	-	-	-
Increase / (decrease) Public deposits		553,405,693	-	-	-
Increase / (decrease) Deferred income		(2,243,519)	4,485,589	-	-
<b>Cash Generated from Operations</b>		(875,531,218)	175,425,254	129,108,856	(659,096,221)
Interest received		33,453,474	12,939,064	1,874,006	2,319,821
Finance expenses paid		(857,054,582)	(782,287,625)	(190,154,560)	(193,353,776)
Dividend received		30,940,719	29,769,783	151,065,019	24,246,694
Tax paid		(243,385,604)	(49,645,656)	(4,750,468)	(1,176,785)
Gratuity (paid) / Transfer in	19	(4,509,460)	(3,504,060)	13,125	(56,500)
<b>Net cash flow from operating activities</b>		(1,916,086,671)	(617,303,240)	87,155,977	(827,116,767)
<b>CASH FLOWS FROM /(USED IN) INVESTING ACTIVITIES</b>					
Purchase and construction of property, plant and equipment		(244,553,378)	(16,109,820)	(4,268,863)	(444,742)
Addition to intangible assets		(224,929)	-	-	-
Increase in other non current assets		(165,892,470)	-	-	-
(Purchase) / disposal of short term investments (net)		(281,219,629)	61,090,151	(112,953,946)	57,135,983
Increase in interest in associate		(807,721,844)	-	(803,332,709)	-
Acquisition of subsidiaries	A	(3,272,821,540)	-	(2,169,793,387)	-
Increase in interest in subsidiaries		(12,964,450)	-	(287,000,990)	-
Proceeds from sale of property, plant and equipment		65,308,630	19,471,635	1,791,714	5,687,751
<b>Net cash flow from / (used in) investing activities</b>		(4,720,089,610)	64,451,966	(3,375,558,181)	62,378,992



## Cash Flow Statement

(Continued)

In Rs.		Group		Company	
For the year ended 31 March	Note	2011	2010	2011	2010
<b>CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>					
Dividend paid to minority shareholders		(14,557,825)	(5,400)	-	-
Proceeds from minority on issue of rights in subsidiaries		74,464,279	-	-	-
Proceeds from long term borrowings	16	2,171,652,314	585,892,063	311,810,383	80,351,000
Repayment of long term borrowings	16	(1,594,348,132)	(677,608,487)	(287,615,629)	(127,853,010)
Proceeds from / (repayment of) short term borrowings (net)		5,399,140,824	30,365,337	3,497,288,333	22,131,487
Proceeds from share issue		73,944,000	908,684,064	73,944,000	908,684,064
Direct cost on issue of shares		(924,742)	(24,351,264)	(919,242)	(24,351,264)
<b>Net cash flow from / (used in) financing activities</b>		<b>6,109,370,718</b>	<b>822,976,313</b>	<b>3,594,507,845</b>	<b>858,962,277</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(526,805,563)</b>	<b>270,125,040</b>	<b>306,105,641</b>	<b>94,224,502</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING</b>		<b>(588,147,052)</b>	<b>(858,340,957)</b>	<b>(336,547,684)</b>	<b>(430,772,186)</b>
<b>CASH AND CASH EQUIVALENTS AT THE END</b>		<b>(1,114,952,615)</b>	<b>(588,215,917)</b>	<b>(30,442,043)</b>	<b>(336,547,684)</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>					
<b>Favourable balances</b>					
Cash in hand and at Bank		279,647,867	443,420,258	5,743,212	183,420,491
<b>Unfavourable balances</b>					
Bank overdrafts		(1,394,600,482)	(1,031,636,176)	(36,185,255)	(519,968,175)
<b>Total cash and cash equivalents as previously reported</b>		<b>(1,114,952,615)</b>	<b>(588,215,918)</b>	<b>(30,442,043)</b>	<b>(336,547,684)</b>
Effect of exchange rate changes		-	68,866	-	-
<b>Cash and cash equivalents restated</b>		<b>(1,114,952,615)</b>	<b>(588,147,052)</b>	<b>(30,442,043)</b>	<b>(336,547,684)</b>

Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 47 to 86 form an integral part of these financial statements.

### A Acquisition of subsidiary

Property plant and equipment	(9,249,157,663)
Leasehold property	(91,682,210)
Investment property	(1,699,234,222)
Intangible assets	(1,108,796,934)
Other non current assets	(10,666,667)
Other investments	(63,084,659)
Deferred tax assets	(108,378,541)
Inventories	(329,537,987)
Trade & other receivables	(543,438,318)
Loans and advances	(734,507,330)
Lease and hire purchase rental receivable	(2,160,140,773)
Short term investments	(192,430,790)
Cash and cash equivalents	1,115,992,607
Deferred tax liabilities	103,823,975
Employee benefit liabilities	177,871,849
Trade & other payables	800,544,765
Short term borrowings	2,918,818,880
Income tax liabilities	56,736,837
Interest bearing borrowings	4,317,052,919
Public deposits	1,031,432,206
<b>Total net assets</b>	<b>(5,768,782,055)</b>
Net assets acquired	(653,084,141)
Goodwill	(1,503,744,792)
Cash consideration paid on acquisition of subsidiary	(2,156,828,933)
Cash and cash equivalent acquired	(1,115,992,607)
<b>Net cash outflow on acquisition of subsidiary</b>	<b>(3,272,821,540)</b>



# Notes to the Financial Statements

For the year ended 31 March 2011

## 1. CORPORATE INFORMATION

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

In the financial statements, "the company" refers to Softlogic Holdings Ltd as the holding company and "the group" refers to the companies whose accounts have been consolidated therein. The financial statements for the year ended 31 March 2011 were authorized for issue by the Directors on 22 August 2011.

Softlogic Holdings Ltd became the holding company of the group during the financial year ended 31 March 2003. The principal activities of the company are holding investments & providing management services to its subsidiaries. The principal activities of the subsidiary companies are information and communication technology, property development, automobiles, retailing, leasing, hire purchase, granting loans, factoring, pawn broking, providing management consultancy and financial advisory services and providing healthcare services.

The notes to the financial statements on pages 47 to 86 form an integral part of the financial statements.

The significant accounting policies have been discussed below.

## 1.1 GENERAL POLICIES

### 1.1.1 Statement of compliance

The balance sheet, statement of income, statement of changes in equity and the cash flow statement, together with the accounting policies and notes (the "financial statements") have been prepared in compliance with the Sri Lanka Accounting Standards (SLAS) issued by the Institute of Chartered Accountants of Sri Lanka and the requirement of the Companies Act, No. 7 of 2007.

### 1.1.2 Basis of preparation

The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention unless stated otherwise.

The financial statements are presented in Sri Lankan rupees, which is the group's functional and presentation currency.

### 1.1.3 Going concern

The Directors have assessed, and are confident that the company will be able to continue in operation for the foreseeable future. Hence, the adoption of going concern assumption in presenting these financial statements.

### 1.1.4 Use of estimates, judgements and assumptions

The preparation of group's consolidated and company financial statements in conformity with SLAS, 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 judgements, 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 judgements, estimates and assumptions about the carrying amount of assets, liabilities and contingent liabilities that are not readily apparent from other sources.

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

Judgements, estimates and assumptions made by management in the application of SLAS that could have a significant effect on the financial statements are mentioned below.

	Policy	Note
Valuation of property, plant & equipment	1.5.1	2
Valuation of investment property	1.5.3	4
Deferred tax	1.4.2	9 & 18
Impairment of assets	1.5.6	2,3,4, 5, 6, 7, 8 & 9
Valuation of retirement benefit obligation	1.6.1	19
Provisions, contingent assets and contingent liabilities	1.6.3	31

### 1.1.5 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

### 1.1.6 Comparative information

The accounting policies applied by the group are consistent with those used in the previous year. Previous year's figures and phrases have been re-arranged, wherever necessary, to conform to the current year's presentation.

### 1.1.7 Events after the balance sheet date

All material post balance sheet events have been considered and appropriate adjustments or disclosures have been made in the respective notes to the financial statements.

## 1.2 CONSOLIDATION POLICY

### 1.2.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 31 March 2011. The financial statements of the subsidiaries are prepared in compliance with the group's accounting policies unless stated otherwise.

All intra-group balances, income and expenses and profits and losses resulting from intra group transactions, are eliminated in full.

### 1.2.2 Acquisitions and divestments

Acquisitions of subsidiaries are accounted for, using the purchase method of accounting. The results of subsidiaries and associates acquired or incorporated during the year have been included from the date of acquisition, or incorporation while results of subsidiaries and associates disposed have been included up to the date of disposal.



## Notes to the Financial Statements

(Continued)

### 1.2.3 Subsidiaries

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

Subsidiaries are controlled from the date the parent obtains control until the date such control ceases.

The names of the subsidiary companies are given in note 6.2 & 6.3

The following subsidiary has been incorporated outside Sri Lanka:

Name	Country of Incorporation
Softlogic Australia Pty Ltd	Australia

The total profits and losses for the period, of the company and of its subsidiaries included in consolidation and all assets and liabilities of the company and of its subsidiaries included in consolidation are shown in the consolidated income statement and balance sheet respectively.

Minority interests which represents the portion of profit or loss and net assets not held by the group, are shown as a component of profit or loss for the period in the income statement and as a component of equity in the consolidated balance sheet, separately from parent shareholders' equity.

The consolidated cash flow statement includes the cash flows of the company and its subsidiaries.

### 1.2.4 Associates

Associates are those investments over which the group has significant influence and holds 20% to 50% of the equity and which are not subsidiaries of the group.

The group ceases to use the equity method of accounting on the date from which it no longer has significant influence in the associate.

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

Abacus International Lanka (Pvt) Ltd  
Gerry's Softlogic (Pvt) Ltd

All associates are incorporated in Sri Lanka, except for Gerry's Softlogic (Pvt) Ltd which is incorporated in Pakistan.

The investments in associates are carried in the balance sheet 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. After application of the equity method, the group determines whether it is necessary to recognize any additional impairment loss with respect to the group's net investment in the associate. The income statement reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the group recognizes its share of any changes in the statement of changes in equity.

When the group share of losses in an associate equals or exceeds the interest in the undertaking, the group does not recognise further losses 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.

### 1.2.5 Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to cash generating 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 recognized. 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.

### 1.2.6 Financial period

The company and subsidiaries have a common period end 31 March 2011. The results of the associates have been computed based on a 12 months period ended 31 March 2011.

As per the group policy, results of an associate with alternate period ends are treated as follows:

Abacus International Lanka (Pvt) Ltd - 12 month period using the associate's year ended 31 December.

In the case of associates, where the reporting dates are different to group reporting dates, adjustments are made for any significant transactions or events up to 31 March.

## 1.3 FOREIGN CURRENCY TRANSLATION

### 1.3.1 Foreign currency transactions

The consolidated financial statements are presented in Sri Lanka rupees, which is the group'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 Sri Lanka rupees, at the rates of exchange prevailing at the time the transactions are affected.

Monetary assets and liabilities denominated in foreign currency are retranslated to Sri Lanka rupee equivalents at the exchange rate prevailing at the balance sheet date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The resulting gains and losses are accounted for in the income statement.

### 1.3.2 Foreign operations

The balance sheets and income statements of the overseas subsidiary and associate which are deemed to be a foreign operation are translated to Sri Lanka rupees at the rate of exchange prevailing as at the balance sheet date and at the average annual rate of exchange for the period respectively.

The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the income statement.

The exchange rates applicable during the period were as follows:

	Balance Sheet		Income Statement	
	31.03.11	31.03.10	31.03.11	31.03.10
	Rs.	Rs.	Rs.	Rs.
Australian Dollar	114.09	104.39	105.95	104.42
Pakistan Rupee	1.29	1.35	1.30	1.32

## 1.4. TAX

### 1.4.1 Current tax

Provision for income tax is based on the elements of income and expenditure as reported in the financial statements and is computed in accordance with the provisions of the relevant tax statutes.

### 1.4.2 Deferred tax

Deferred taxation is the tax attributable to the temporary difference that arise when taxation authorities recognize and measure assets and liabilities with rules, that differ from those of the consolidated financial statements.

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

Deferred tax liabilities are recognized for all taxable temporary differences, except;

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carried 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, the unused tax credits and unused tax losses can be utilized 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, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Income tax relating to items recognized directly in equity is recognized in equity.

### 1.4.3 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
- receivables 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 balance sheet.

## 1.5 VALUATION OF ASSETS AND THEIR BASES OF MEASUREMENT

### 1.5.1 Property, plant and equipment

#### a) Freehold property, plant and equipment

Property, plant and equipment are stated at cost or fair value less accumulated depreciation and any accumulated impairment in value.

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.

All items of property, plant and equipment are initially recorded at cost. Where items of property, plant & equipment are subsequently revalued, the entire class of such assets are revalued at fair value. The revaluation of land and buildings are done when there is a substantial difference between the fair value and carrying value of the land and building and is undertaken by professionally qualified valuers.



## Notes to the Financial Statements

(Continued)

When an asset is revalued, any increase in the carrying amount is credited directly to a revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the income statement, in which case the increase is recognized in the income statement. Any revaluation deficit that offsets a previous surplus in the same asset is directly offset against the surplus in the revaluation reserve and any excess recognized as an expense. Upon disposal, any revaluation reserve relating to the asset sold is transferred to retained earnings.

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.

Items of Property, Plant and Equipment are derecognized upon 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 derecognized.

### b) 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
Buildings	40-50
Plant & Machinery	4-10
Furniture and Fittings	5-10
Laboratory Equipment	10
Equipment	4-10
Motor Vehicles	4-7

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

### c) Capital work in progress

Capital work in progress consists of cost of assets, labor 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.

### d) Finance leases

Property, plant and equipment on finance leases, which effectively transfer to the group substantially all the risk and benefits incidental to ownership of the leased items, are capitalised and disclosed as finance leases at their cash price and depreciated over the period the group is expected to benefit from the use of the leased assets.

The corresponding principal amount payable to the lessor is shown as a liability. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the outstanding balance of the liability. The interest payable over the period of the lease is transferred to an interest in suspense account. The interest element of the rental obligations pertaining to each financial year is charged to the income statement over the period of lease.

### e) Operating leases

Leases, where the lessor effectively retains substantially all of the risks and benefits of ownership over the term of the lease, are classified as operating leases.

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

### 1.5.2 Leasehold property

Pre paid lease rentals paid to acquire land use rights are amortized over the term of the lease.

### 1.5.3 Investment property

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

Investment properties are initially recognized at cost. Subsequent to initial recognition, the investment properties are stated at fair values, which reflect market conditions at the balance sheet date.

Gain or losses arising from changes in fair value are included in the income statement in the year in which they arise.

Investments properties are derecognized when disposed, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on retirement or disposal are recognized in the income statement in the year of retirement or disposal.

Transfers are made to investment property, when there is a change in use, evidenced by ending of owner- occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties, when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

Where group companies occupy a significant portion of the investment property of a subsidiary, such investments properties are treated as property plant & equipments in the consolidated financial statements, and accounted for as per SLAS 18 (Revised 2005) Property, Plant & Equipment.

### 1.5.4 Intangible assets

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 but reflected as expenditure in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as to be either finite or infinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level.

#### 1.5.4.1 Leased rights

Leased 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.

#### 1.5.4.2 Software

##### Purchased software

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

#### 1.5.4.3 Brand name

Brands acquired as part of a business combination, are capitalized as part of a Brand Names if the Brand meets the definition of an intangible asset and the recognition criteria are satisfied. Brand Names are reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

#### 1.5.4.4 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 and when an indicator of impairment exists.
Lease Rights	25-88	Acquired	When indicator of impairment exists.
Purchased Software	3 – 5	Acquired	When indicators of impairment arise.
Brand Name	Infinite	Acquired	Annually and when an indicator of impairment exists.
Customer List	05 years	Acquired	Annually and when an indicator of impairment

#### 1.5.5. Investments

##### a) Short term equity investments

The short term investments are carried at market value.

##### b) Short-term investments in interest bearing securities

Treasury bills and other interest bearing securities held for resale in the near future to benefit from short-term market movements are accounted for at cost plus the relevant proportion of the discounts or premiums.

##### c) Long term investments

All quoted and unquoted securities, which are held as non-current investments, are valued at cost. The cost of the investment is the cost of acquisition inclusive of brokerage and costs of transaction. The carrying amounts of long term investments are reduced to recognise a decline which is considered other than temporary, in the value of investments, determined on an individual investment basis.

In the company's financial statements, investments in subsidiaries and associate companies have been accounted for at cost, net of any impairment losses which are charged to the income statement. Income from these investments are recognised only to the extent of dividends received.

#### 1.5.6 Impairment of assets

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

Impairment losses are recognised in the income statement, except that, impairment losses in respect of property, plant and equipment are recognised against the revaluation reserve to the extent that it reverses a previous revaluation surplus.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. Previously recognised impairment losses other than in respect of goodwill, are reversed only if there has been an increase in the recoverable amount of the asset. Such increase is recognised to the extent of the carrying amount had no impairment losses been recognised previously.

#### 1.5.7 Inventories

Inventories are valued at the lower of cost and net realizable 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 appropriate proportion of fixed overheads based on normal operating capacity

Other Inventory - at actual cost



## Notes to the Financial Statements

(Continued)

### 1.5.8 Trade and other receivable

Trade and other receivable are stated at the amounts they are estimated to realise, net of provisions for bad and doubtful receivables.

### 1.5.9 Lease rentals receivable and hire purchase rental receivable

Assets leased to customers under agreements which transfer substantially all the risks and rewards associated with ownership other than legal title, are classified as finance leases. Lease rentals receivable in the balance sheet represents total minimum lease payment due, net of unearned income, rental received in advance and provision for doubtful recoveries.

Assets sold to customers under fixed rate hire purchase agreements, which transfer all risks and rewards as well as the legal title at the end of such contractual period are classified as hire purchase rental receivable. Such assets are accounted in a manner similar to the finance leases.

### 1.5.10 Loans and advances

Loans and advances to customers are stated in the balance sheet net of provisions for bad and doubtful loans and interest not accrued to revenue.

Loans and advances are written off to the extent that there is no realistic prospect of recovery. Specific provisions are made to reduce all impaired loans and advances to their expected realizable value.

### 1.5.11 Provision for doubtful debts

In accordance with finance companies (provision for bad and doubtful debts) direction No. 3 of Central Bank regulations of 2006, accommodations are classified as non-performing in the following circumstances

- (i) whether payment of principal and/ or interest have been in arrears for a period of 6 months or more;
- (ii) in the case of rescheduled accommodations, when, in aggregate, the period of time the payment of instalments have been in arrears before rescheduling (if any) and after rescheduling is 6 months or more; and/ or
- (iii) in the case of an accommodation, where the asset financed under a leasing /hire purchase agreement has been repossessed and sold or where the asset taken as collateral has been sold by the finance Company and when there still exists a balance to be received.

In accordance with directions refer to above; the Softlogic Finance PLC makes provision for bad and doubtful debts in accordance with the following criteria;

- a) 50 percent of all accommodations in arrears for a period of 6 months or more but not exceeding 12 months;
- b) 100 percent of all accommodations in arrears for a period over 12 months; and
- c) 100 percent with regard to the portion of the un-recovered amount of an accommodation where the asset financed under a lease/ hire purchase agreement has been repossessed and sold or where the asset taken as collateral has been sold by the finance Company.

Softlogic Credit Ltd computes provisioning for bad and doubtful debts according to the Central Bank Direction No. 2 of 2006 of the Finance Leasing Act No. 56 of 2000.

- a) All accommodations in arrears for a period of 6 months and up to 12 months – 20%
- b) All accommodations in arrears for a period of 12 months and up to 18 months – 50%
- c) All accommodations in arrears for a period of 18 months and over – 100%
- d) All accommodations where instalments are not paid on a monthly basis, whenever the company has realized that instalments will not be paid on the due dates – 100%

### 1.5.12 Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short term deposits with a maturity of 3 months or less, net of outstanding bank overdrafts.

## 1.6 LIABILITIES AND PROVISIONS

### 1.6.1 Defined benefit plan – gratuity

The liability recognised in the balance sheet is the present value of the defined benefit obligation at the balance sheet date using the projected unit credit method. Any actuarial gains or losses arising are recognised immediately in the income statement.

### 1.6.2 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.

### 1.6.3 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. When the group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote.

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

## 1.7 INCOME STATEMENT

### 1.7.1 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 criteria are used for recognition of revenue:

- a) **Sale of goods**  
Revenue from the sale of goods is recognised when significant risk and rewards of ownership of the goods have passed to the buyer with the group retaining neither a continuing managerial involvement to the degree usually associated with ownership, nor an effective control over the goods sold.
  - b) **Rendering of services**  
Revenue from rendering of services is recognised in the accounting period in which the services are rendered or performed.
  - c) **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 recognised over the facility commencing on the month on which the facility is executed in proportion to the declining receivable balance.  
  
However, accrual of income from lease ceases when the account is overdue for more than six months.
  - d) **Income from hire rental income and operating leases**  
Income from hire rental and operating leases is recognized on an accrual basis.
  - e) **Overdue charges**  
Overdue charges of leasing/hire purchase have been accounted for on cash received basis.
  - f) **Turnover based taxes**  
Turnover based taxes include value added tax, economic service charge, turnover tax and nation building tax. Companies in the group pay such taxes in accordance with the respective statutes.
- 1.7.2 **Dividend**  
Dividend income is recognized when the shareholders' right to receive is established.
  - 1.7.3 **Rental income**  
Rental income is recognised on an accrual basis over the term of the lease.
  - 1.7.4 **Consultancy and professional service income**  
Recognise as income in the period in which entitlement to the consideration arises.
  - 1.7.5 **Interest income**  
Interest income is recognised as interest accrues.
  - 1.7.6 **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.

#### 1.7.7 Other income

Other income is recognised on an accrual basis.

#### 1.7.8 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.

#### 1.7.9 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, unless they are incurred in respect of qualifying assets in which case it is capitalised.

### 1.8 SEGMENT INFORMATION

#### 1.8.1 Reporting 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 returns are similar. The primary segments represent this business structure.

#### 1.8.2 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 EFFECT OF SRI LANKA ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

- a) The following standards have been issued by the Institute of Chartered Accountants of Sri Lanka.

- Sri Lanka Accounting Standard 44 - Financial Instruments; Presentation (SLAS 44)
- Sri Lanka Accounting Standard 45 - Financial Instruments; Recognition and Measurement (SLAS 45)
- Sri Lanka Accounting Standard 39 - Share Based Payments (SLAS 39)

The effective date of SLAS 44, 45 and 39 was changed during the year to be effective for financial periods beginning on or after 01 January 2012. These three standards have been amended and forms a part of the new set of financial reporting standards mentioned under note 1.9 (b) below.

- b) Subsequent to the proposed convergence of Sri Lanka Accounting Standards with the International Financial Reporting Standards, the Council of the Institute of Chartered Accountants of Sri Lanka has adopted a new set of financial reporting standards that would apply for financial periods beginning on or after 01 January 2012. The application of these financial reporting standards is substantially different to the prevailing standards.



## Notes to the Financial Statements

(Continued)

As at 31 March 2011

### 2. PROPERTY, PLANT AND EQUIPMENT

#### 2.1 Group

In Rs.										Total 2011	Total 2010
<b>Freehold assets</b>											
<b>Cost or Valuation</b>											
<b>At the beginning of the year</b>											
Additions	751,000,000	18,074,158	36,032,350	294,311,541	48,776,659	-	-	-	1,148,194,708	1,041,185,384	
Acquisition of subsidiaries	43,369,233	6,882,237	74,533,201	137,131,408	16,350,771	220,130,776	-	-	498,397,627	16,109,820	
Disposals	5,327,476,686	982,991,940	2,852,670,672	1,803,286,364	65,538,928	50,531,711	-	-	11,082,496,301	-	
Transfers	(24,512,292)	-	(20,997,636)	(229,603,514)	(9,500,479)	(253,844,249)	-	-	(260,101,629)	(21,200,348)	
Revaluations	24,512,292	-	-	-	72,279,345	-	-	-	(206,077,196)	12,886,728	
Exchange translation difference	-	-	-	733,496	-	-	-	-	24,512,292	97,319,227	
<b>At the end of the year</b>	<b>6,121,845,919</b>	<b>1,007,948,335</b>	<b>2,942,238,587</b>	<b>2,005,859,294</b>	<b>193,445,224</b>	<b>16,818,238</b>	<b>16,818,238</b>	<b>16,818,238</b>	<b>12,288,155,598</b>	<b>1,148,194,708</b>	
<b>Leasehold assets</b>											
<b>Cost</b>											
<b>At the beginning of the year</b>											
Additions	-	-	-	-	266,931,365	-	-	-	266,931,365	288,644,629	
Acquisition of subsidiaries	-	-	-	-	122,670,954	-	-	-	122,670,954	15,065,000	
Disposals	-	-	-	4,297,487	8,089,715	-	-	-	12,387,202	-	
Transfers	-	-	-	-	(8,313,069)	-	-	-	(8,313,069)	(23,891,536)	
Exchange translation difference	-	-	-	-	(72,279,345)	-	-	-	(72,279,345)	(12,886,728)	
<b>At the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,297,487</b>	<b>317,099,620</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>321,397,107</b>	<b>266,931,365</b>	
<b>Total value of assets</b>	<b>6,121,845,919</b>	<b>1,007,948,335</b>	<b>2,942,238,587</b>	<b>2,010,156,781</b>	<b>510,544,844</b>	<b>16,818,238</b>	<b>16,818,238</b>	<b>16,818,238</b>	<b>12,609,552,705</b>	<b>1,415,126,073</b>	
<b>Freehold assets</b>											
<b>Accumulated depreciation</b>											
<b>At the beginning of the year</b>											
Charge for the year	16,621,281	3,366,498	23,719,819	176,850,051	42,620,642	-	-	-	263,178,291	201,462,482	
Acquisition of subsidiaries	32,979,372	6,088,875	74,043,322	95,201,881	16,971,782	-	-	-	225,285,232	63,804,695	
Disposals	68,943,450	98,453,000	984,507,974	653,278,116	34,571,551	-	-	-	1,839,754,091	-	
Transfers	(24,512,292)	-	(20,946,124)	(183,907,658)	(6,106,903)	-	-	-	(210,960,685)	(15,151,289)	
Exchange translation difference	-	-	-	559,159	68,588,205	-	-	-	44,075,913	11,684,228	
<b>At the end of the year</b>	<b>94,031,811</b>	<b>107,908,373</b>	<b>1,061,324,991</b>	<b>741,981,550</b>	<b>156,645,277</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,161,892,002</b>	<b>263,178,291</b>	
<b>Leasehold assets</b>											
<b>Accumulated depreciation</b>											
<b>At the beginning of the year</b>											
Charge for the year	-	-	-	-	183,713,013	-	-	-	183,713,013	151,553,084	
Acquisition of subsidiaries	-	-	-	396,650	59,456,679	-	-	-	59,853,329	62,620,019	
Disposals	-	-	-	2,767,547	3,204,197	-	-	-	5,971,744	-	
Transfers	-	-	-	-	(7,823,434)	-	-	-	(7,823,434)	(18,775,862)	
Exchange translation difference	-	-	-	-	(68,588,205)	-	-	-	(68,588,205)	(11,684,228)	
<b>At the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,164,197</b>	<b>169,962,250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>173,126,447</b>	<b>183,713,013</b>	
<b>Total accumulated depreciation</b>	<b>94,031,811</b>	<b>107,908,373</b>	<b>1,061,324,991</b>	<b>745,145,747</b>	<b>326,607,527</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,335,018,449</b>	<b>446,891,304</b>	
<b>Carrying value</b>											
<b>As at 31 March 2011</b>	<b>6,027,814,108</b>	<b>900,039,962</b>	<b>1,880,913,596</b>	<b>1,265,011,034</b>	<b>183,937,318</b>	<b>16,818,238</b>	<b>16,818,238</b>	<b>16,818,238</b>	<b>10,274,534,256</b>	<b>-</b>	
<b>As at 31 March 2010</b>	<b>734,378,720</b>	<b>14,707,660</b>	<b>12,312,531</b>	<b>117,461,490</b>	<b>89,374,369</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>968,234,769</b>	



## 2.2 Company

In Rs.	Furniture and fittings	Office equipment	Motor vehicles	Total 2011	Total 2010
<b>Freehold assets</b>					
<b>Cost or valuation</b>					
<b>At the beginning of the year</b>	8,354,957	10,518,350	6,794,185	25,667,492	19,100,601
Additions	849,915	3,418,948	-	4,268,863	444,742
Disposals	-	(30,000)	-	(30,000)	(69,155)
Transfers	-	-	63,218,068	63,218,068	6,191,304
<b>At the end of the year</b>	<b>9,204,872</b>	<b>13,907,298</b>	<b>70,012,253</b>	<b>93,124,423</b>	<b>25,667,492</b>
<b>Leasehold assets</b>					
<b>Cost or valuation</b>					
<b>At the beginning of the year</b>	-	-	196,846,439	196,846,439	217,437,218
Additions	-	-	46,809,996	46,809,996	-
Disposals	-	-	(3,404,238)	(3,404,238)	(14,399,475)
Transfers	-	-	(63,218,068)	(63,218,068)	(6,191,304)
<b>At the end of the year</b>	<b>-</b>	<b>-</b>	<b>177,034,129</b>	<b>177,034,129</b>	<b>196,846,439</b>
<b>Total value of assets</b>	<b>9,204,872</b>	<b>13,907,298</b>	<b>247,046,382</b>	<b>270,158,552</b>	<b>222,513,931</b>
<b>Freehold assets</b>					
<b>Accumulated depreciation</b>					
<b>At the beginning of the year</b>	3,314,541	5,594,869	6,744,697	15,654,107	7,514,724
Charge for the year	886,638	941,409	2,056,397	3,884,444	1,968,575
Disposals	-	(1,510)	-	(1,510)	(20,496)
Transfers	-	-	60,091,035	60,091,035	6,191,304
<b>At the end of the year</b>	<b>4,201,179</b>	<b>6,534,768</b>	<b>68,892,129</b>	<b>79,628,076</b>	<b>15,654,107</b>
<b>Leasehold assets</b>					
<b>Accumulated depreciation</b>					
<b>At the beginning of the year</b>	-	-	144,992,337	144,992,337	117,087,170
Charge for the year	-	-	35,477,745	35,477,745	48,030,854
Disposal	-	-	(3,404,237)	(3,404,237)	(13,934,383)
Transfers	-	-	(60,091,035)	(60,091,035)	(6,191,304)
<b>At the end of the year</b>	<b>-</b>	<b>-</b>	<b>116,974,810</b>	<b>116,974,810</b>	<b>144,992,337</b>
<b>Total accumulated depreciation</b>	<b>4,201,179</b>	<b>6,534,768</b>	<b>185,866,939</b>	<b>196,602,886</b>	<b>160,646,444</b>
<b>Carrying Value</b>					
<b>As at 31 March 2011</b>	<b>5,003,693</b>	<b>7,372,530</b>	<b>61,179,443</b>	<b>73,555,666</b>	-
As at 31 March 2010	5,040,416	4,923,481	51,903,590	-	61,867,487

In Rs.	Group		Company	
As at 31 March	2011	2010	2011	2010
<b>2.3 Land and Building</b>				
At cost	900,039,962	14,707,660	-	-
At valuation	6,027,814,108	734,378,720	-	-
	6,927,854,070	749,086,380	-	-
<b>2.4 Carrying value</b>				
At cost	4,083,741,828	150,637,697	13,496,347	10,013,385
At valuation	6,027,814,108	734,378,720	-	-
On finance lease	162,978,320	83,218,352	60,059,319	51,854,102
	10,274,534,256	968,234,769	73,555,666	61,867,487



## Notes to the Financial Statements

(Continued)

### 2 PROPERTY, PLANT AND EQUIPMENT

#### 2.5 Details of group's land and building stated at valuations are indicated below;

Property	Method of valuation	Effective date of valuation	Property valuer
<b>Softlogic Holdings Ltd</b> Land	Market value	30.11.2010	R.S. Wijesuriya (Incorporated Valuer)
<b>Softlogic Trading (Pvt) Ltd</b> Building	Market value	30.11.2010	R.S. Wijesuriya (Incorporated Valuer)
<b>Uniwalkers (Pvt) Ltd</b> Land and building	Market value	30.11.2010	R.S. Wijesuriya (Incorporated Valuer)
<b>Asiri Hospital Holdings PLC</b> Land and building	Market value	31.03.2009	P.B. Kalugalagedara (Chartered Valuation Surveyor)

As a result of the valuations of the land and buildings the surplus arising from the change in fair value amounting to Rs. 24.5 Mn (31.03.2010 Rs. 97.3 Mn) has been credited to the revaluation reserve.

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

In Rs.	Group	
As at 31 March	2011	2010
Cost	1,206,852,245	240,175,934
Accumulated depreciation	(231,897,498)	(71,040,932)
Carrying value	974,954,747	169,135,002

In Rs.	Group		Company	
As at 31 March	2011	2010	2011	2010
<b>3 LEASEHOLD PROPERTY</b>				
<b>At the beginning of the year</b>	-	-	-	-
Acquisition of subsidiary	91,682,210	-	-	-
Amortisation for the year	(259,233)	-	-	-
<b>At the end of the year</b>	91,422,977	-	-	-

Asiri Surgical Hospital PLC has obtained leasehold rights to the land situated at No. 21, Kirimandala Mawatha, Colombo 05 for 99 years from Board of Investment of Sri Lanka. The prepaid lease rentals are amortized over the period of the lease.

In Rs.	Group		Company	
As at 31 March	2011	2010	2011	2010
<b>4 INVESTMENT PROPERTY</b>				
<b>At the beginning of the year</b>	555,275,000	554,995,000	125,700,000	125,700,000
Acquisition of subsidiaries	1,699,234,222	-	-	-
Change in fair value during the year	165,775,000	280,000	-	-
<b>At the end of the year</b>	2,420,284,222	555,275,000	125,700,000	125,700,000

As at 31 March

#### 4.1 Valuation details of investment property

Investment properties were valued by R.S. Wijesuriya (Incorporated Valuer) except Asiri Central Hospital PLC which was valued by P.B. Kalugalagedera (Chartered Valuation Surveyor) as at 30.11.2010, details of which are as follows.

Group Location	Extent	Method	Valuation
<b>Softlogic Properties (Pvt) Ltd</b>			
Land, Dharmapala Mw, Colombo 03	2R 28.51 P	Market Value	646,950,000
<b>Uniwalkers (Pvt) Limited</b>			
Land, Dekatana, Biyagama	18A 2R 4P	Market Value	74,100,000
<b>Asiri Central Hospital PLC</b>			
Land and building, No 37, Horton Place, Colombo 07	1A 3R 10P	Market Value	1,667,500,000
Company Location	Extent	Method	Valuation
Land, No.14. De Fonseka Place, Colombo 05.	22.45 P	Market Value	125,700,000

Rental income earned from investment property by the group and company amounts to Rs.9,270,536/- (2010 - Rs. 7,125,000/-) and Rs.600,000/- (2010 -Rs.600,000/-) respectively.

In Rs.

As at 31 March

							Group	
							2011	2010
<b>5 INTANGIBLE ASSETS</b>	<b>Goodwill</b>	<b>Lease Right</b>	<b>Software</b>	<b>Brand Name</b>	<b>Others</b>			
<b>Cost/carrying value</b>								
At the beginning of the year	759,746,445	-	14,443,121	-	-	774,189,566	770,657,199	
Additions	-	-	224,929	-	-	224,929	-	
Acquisition of subsidiary	2,839,288,748	417,351,522	-	510,904,648	186,150,623	3,953,695,541	-	
Exchange translation difference	-	-	1,757,866	-	-	1,757,866	3,532,367	
<b>At the end of the year</b>	<b>3,599,035,193</b>	<b>417,351,522</b>	<b>16,425,916</b>	<b>510,904,648</b>	<b>186,150,623</b>	<b>4,729,867,902</b>	<b>774,189,566</b>	
<b>Accumulated amortisation and impairment</b>								
At the beginning of the year	-	-	2,888,602	-	-	2,888,602	-	
Amortisation / impairment	3,043,997	2,130,469	3,401,171	-	1,074,072	9,649,710	2,888,602	
Acquisition of subsidiary	-	-	-	-	5,609,885	5,609,885	-	
Exchange translation difference	-	-	898,810	-	-	898,810	-	
<b>At the end of the year</b>	<b>3,043,997</b>	<b>2,130,469</b>	<b>7,188,584</b>	<b>-</b>	<b>6,683,957</b>	<b>19,047,007</b>	<b>2,888,602</b>	
<b>Carrying value</b>								
<b>As at 31 March 2011</b>	<b>3,595,991,196</b>	<b>415,221,053</b>	<b>9,237,332</b>	<b>510,904,648</b>	<b>179,466,666</b>	<b>4,710,820,895</b>	<b>-</b>	
As at 31 March 2010	759,746,445	-	11,554,519	-	-	-	771,300,964	



## Notes to the Financial Statements

(Continued)

### 5.1 Goodwill

Goodwill acquired through business combinations have been allocated to five cash generating units (CGU's) for impairment testing as follows:

In Rs. As at 31 March	2011	2010
Information and communication technologies	14,086,631	14,086,631
Retail	742,615,817	745,659,814
Financial services	186,419,925	-
Travel and leisure	182,206,628	-
Healthcare	2,470,662,195	-
	<b>3,595,991,196</b>	<b>759,746,445</b>

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

- Business growth - Based on historical growth rate and business plans. Cash flows beyond the five year period are extrapolated using zero growth rate.
- Inflation - Based on prevailing inflation rate and projected economic conditions.
- Discount rate - Weighted Average Cost of Capital; 11%
- Margin - Based on current margin and business plans

In Rs. As at 31 March	Notes	Group		Company	
		2011	2010	2011	2010
<b>6 INVESTMENTS</b>					
<b>6.1 Investments in subsidiaries</b>					
Unquoted	(6.2)	-	-	1,877,833,253	645,974,725
Quoted	(6.3)	-	-	3,140,822,494	-
		-	-	<b>5,018,655,747</b>	<b>645,974,725</b>
Investments in associates	(6.4)	61,113,267	1,758,915,257	12,449,800	1,128,019,375
		<b>61,113,267</b>	<b>1,758,915,257</b>	<b>5,031,105,547</b>	<b>1,773,994,100</b>

In Rs. As at 31 March	Group			Company		
	Number of shares	2011	2010	Number of shares	2011	2010
<b>6.2 Group unquoted investments in subsidiaries</b>						
Asiri Diagnostics Services (Pvt) Ltd	273,221	2,691,400	-	-	-	-
Asiri Hospitals Matara (Pvt) Ltd	26,000,000	260,000,000	-	-	-	-
Capital Reach Business Development (Pvt) Ltd.	475,000	4,750,000	-	-	-	-
Capital Reach Portfolio Management (Pvt) Ltd.	1	20	-	-	-	-
Central Hospital (Pvt) Ltd	113,785,547	563,082,391	-	-	-	-
Ceylinco Tourists Hotels Ltd	736,117	646,000,944	-	736,117	646,000,944	-
Dai Nishi Securities (Pvt) Ltd.	50,000,000	-	-	50,000,000	-	-
Digasiri Medical Services (Pvt) Ltd	5	65,997,359	-	-	-	-
Future Auto Mobiles (Pvt) Ltd.	100,000	1,000,000	-	100,000	1,000,000	-
Matara Medi House (Pvt) Ltd	3,100,000	162,178,257	-	-	-	-
Softlogic Australia Pty Ltd.	400,002	4,604,600	4,604,600	400,002	4,604,600	4,604,600
Softlogic Capital Ltd.	14,728,260	298,856,594	-	14,728,260	298,856,594	-
Softlogic Communication (Pvt) Ltd.	534,699	3,465,990	3,465,990	534,699	3,465,990	3,465,990
Softlogic Communication Services (Pvt) Ltd.	99	990	-	99	990	-
Softlogic Computers (Pvt) Ltd.	199,998	1,999,990	1,999,990	199,998	1,999,990	1,999,990
Softlogic Credit Ltd.	5,100,000	76,500,000	-	-	-	-
Softlogic Furniture (Pvt) Ltd.	-	-	15,840,990	-	-	15,840,990
Softlogic Information Systems (Pvt) Ltd.	-	-	1,249,990	-	-	1,249,990
Softlogic Information Technologies (Pvt) Ltd.	1,464,997	14,899,970	13,649,980	1,464,997	14,899,970	13,649,980
Softlogic International (Pvt) Ltd.	4,999,999	49,999,990	49,999,990	4,999,999	49,999,990	49,999,990
Softlogic Properties (Pvt) Ltd.	99	990	990	99	990	990
Softlogic Solar (Pvt) Ltd.	99	-	-	99	-	-
Uni Walkers Distributors (Pvt.) Ltd.	250,000	2,499,980	2,499,980	-	-	-
Uniwalkers (Pvt) Ltd.	120,100,100	857,003,195	555,162,205	120,100,100	857,003,195	555,162,205
		<b>3,015,532,660</b>	<b>648,474,705</b>		<b>1,877,833,253</b>	<b>645,974,725</b>

The directors' valuation of unquoted investments in subsidiaries amounts to Rs. 3,015,532,660/- (2010 - Rs. 648,474,705/-) and Rs. 1,877,833,253/- (2010 - Rs. 645,974,725/-) for the group and company respectively.

- 6.2.1 Softlogic Information Technologies (Pvt) Ltd was formally known as Softlogic Trading (Pvt) Ltd.
- 6.2.2 Softlogic Information Systems (Pvt) Ltd (amalgamating company) has been amalgamated with Softlogic Information Technologies (Pvt) Ltd (amalgamated company) in compliance with Sections 240 to 245 of Companies Act No. 07 of 2007. The cost of investment made in Softlogic Information Systems (Pvt) Ltd by Softlogic Holding Ltd has been transferred to the investment made in Softlogic Information Technologies (Pvt) Ltd. Amalgamated company issued new shares to the shareholders of the amalgamating company.
- 6.2.3 Softlogic Furniture (Pvt) Ltd (amalgamating company) has been amalgamated with Uni Walkers (Pvt) Ltd (amalgamated company) in compliance with Sections 240 to 245 of Companies Act No. 07 of 2007. The cost of investment made in Softlogic Furniture (Pvt) Ltd has been transferred to the investment made in Uni Walkers (Pvt) Ltd. Amalgamated company issued new shares to the shareholders of the amalgamating company.

In Rs. As at 31 March	Group			Company		
	Number of shares	2011	2010	Number of shares	2011	2010
<b>6.3 Group quoted investments in subsidiaries</b>						
Asiri Hospital Holdings PLC	459,575,350	3,915,768,083	-	404,605,450	2,908,796,074	-
Asiri Surgical Hospital PLC	271,768,018	635,509,557	-	1,028,000	5,509,557	-
Asiri Central Hospital PLC	22,134,231	1,439,279,707	-	2,266,683	225,832,502	-
Softlogic Finance PLC	15,075,567	318,771,840	-	17,000	684,361	-
		6,309,329,187	-		3,140,822,494	-

The market value of quoted investments in subsidiaries amounts to Rs. 11,506,328,884/- (2010 - nil) and Rs. 3,858,422,856/- (2010 - nil) for the Group and company respectively.

In Rs. As at 31 March	Group		Company	
	2011	2010	2011	2010
<b>6.4 Investments in associate companies</b>				
Quoted				
Asiri Hospital Holdings PLC	2,097,880,828	1,223,736,139	1,688,249,360	880,527,516
Asiri Surgical Hospital PLC	204,449,143	204,449,142	5,509,557	5,509,557
Asiri Central Hospitals PLC	233,773,679	233,773,679	225,832,502	225,832,502
unquoted				
Abacus International Lanka (Pvt) Limited	30,533,452	24,108,550	9,750,000	9,750,000
Gerry's Softlogic (Pvt) Limited	-	27,407,760	6,399,800	6,399,800
Cumulative profit accruing to the group net of dividend	25,399,350	71,120,500	-	-
Share of associate companies tax	(10,574,838)	(32,271,768)	-	-
Share of associate companies dividend	(27,717,205)	(29,701,462)	-	-
Adjustments on account of associate company share of net assets	92,832,008	36,292,717	-	-
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	-	-	(3,700,000)	-
	61,113,267	1,758,915,257	12,449,800	1,128,019,375

Market value of quoted associate investment was Nil (31.03.2010 - Rs 2,651,309,434/-) and was Nil (31.03.2010 - Rs 1,886,591,918/-) for the Group & Company respectively. The directors' valuation of unquoted associate investments amounts to Rs. 61,113,267/- (31.03.2010 - Rs 30,533,452/-) and Rs 12,449,800/- (31.03.2010 - Rs 16,149,800/-) for the group and company respectively.



## Notes to the Financial Statements

(Continued)

In Rs.		Group	
As at 31 March		2011	2010
<b>6.5 Summarised financial information of associate companies</b>			
<b>Group share of revenue and profit</b>			
Revenue		1,406,876,678	821,810,957
Operating expenses		(1,177,289,042)	(697,721,105)
Finance expenses		(198,644,307)	(85,241,120)
Losses carried forward		(9,807,374)	-
<b>Profit for the year</b>		<b>21,135,956</b>	<b>38,848,732</b>
<b>Group share of balance sheet</b>			
Total assets		142,755,001	3,552,976,525
Total liability		(119,513,555)	(2,609,559,567)
<b>Net assets</b>		<b>23,241,446</b>	<b>943,416,958</b>
Goodwill		-	799,594,607
Unrealised profits		(1,689,730)	(2,409,609)
Consolidation adjustment		45,872,994	18,394,301
Deferred tax on undistributable profits		(6,311,444)	-
		<b>61,113,266</b>	<b>1,758,996,257</b>
Contingent liabilities		-	-
Capital commitments		-	-

In Rs.		Group		Company	
As at 31 March		2011	2010	2011	2010
<b>7 OTHER NON CURRENT ASSETS</b>					
Other investments	7.1	222,182,991	5,917,564	5,000,000	5,000,000
Rent advances		10,333,332	-	-	-
Amounts due from related parties	32	13,045,037	-	237,044,175	237,044,175
		<b>245,561,360</b>	<b>5,917,564</b>	<b>242,044,175</b>	<b>242,044,175</b>
<b>7.1 Other Investments</b>					
Quoted	7.1.1	156,097,006	417,564	-	-
Unquoted	7.1.2	50,000	-	-	-
Other fixed investments	7.1.3	66,035,986	5,500,000	5,000,000	5,000,000
		<b>222,182,991</b>	<b>5,917,564</b>	<b>5,000,000</b>	<b>5,000,000</b>
<b>7.1.1 Other quoted investments</b>					
Ceylinco Insurance PLC		8,900	-	-	-
Gocorp Ltd - Australia		-	417,564	-	-
Hatton National Bank PLC		100,612,500	-	-	-
Distilleries Company of Sri Lanka PLC		50,372,762	-	-	-
National Development Bank PLC		1,541,497	-	-	-
Lanka Orix Leasing Company PLC		2,852,597	-	-	-
Union Bank of Colombo Limited		708,750	-	-	-
		<b>156,097,006</b>	<b>417,564</b>	<b>-</b>	<b>-</b>
<b>7.1.2 Other unquoted investments</b>					
Ceylon Lexcon Services Ltd		50,000	-	-	-
		<b>50,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

Market Value of other quoted investments were Rs. 150,785,637/- (31.03.2010 - Rs 417,564/-) for the group . The directors' valuation of other unquoted investment was Rs. 50,000/- (31.03.2010- Nil) for the group.

<b>7.1.3 Other fixed investments</b>					
Debentures					
<b>Quoted</b>					
Seylan Bank PLC		-	500,000	-	-
LB Finance PLC		5,000,000	5,000,000	5,000,000	5,000,000
Treasury bonds		55,284,450	-	-	-
Fixed deposits		5,751,536	-	-	-
		<b>66,035,986</b>	<b>5,500,000</b>	<b>5,000,000</b>	<b>5,000,000</b>

Market value of these quoted debenture investments were Rs. 5,000,000/- (31.03.2010 - Rs. 5,500,000/-) and Rs. 5,000,000/- (31.03.2010 - Rs. 5,000,000/-) for the group and company respectively.



**8 RENTAL RECEIVABLE ON LEASE ASSETS AND HIRE PURCHASE**

As at 31 March		2011			2010
In Rs.		Rental receivable on lease assets	Rental receivable on hire purchase	Total	Rental receivable on lease assets & hire purchase
<b>8.1 Rental receivable on lease assets</b>					
<b>8.1.1 Receivable from one to five years</b>					
Rental receivables		952,728,352	1,916,766,687	2,869,495,039	-
Rentals received in advance		(2,385,624)	-	(2,385,624)	-
Unearned income		(256,876,706)	(514,341,544)	(771,218,250)	-
Provision for doubtful debts		-	-	-	-
		693,466,022	1,402,425,143	2,095,891,164	-
<b>8.1.2 Receivable within one year</b>					
Rental receivables		563,135,786	1,429,867,117	1,993,002,903	-
Rentals received in advance		(95,681)	-	(95,681)	-
Unearned income		(197,085,784)	(447,828,903)	(644,914,687)	-
Interest in suspense		(1,315,516)	(1,929,090)	(3,244,606)	-
Provision for doubtful debts		(4,188,174)	(3,949,304)	(8,137,478)	-
		360,450,631	976,159,820	1,336,610,451	-
		1,053,916,653	2,378,584,962	3,432,501,615	-

In Rs.		Group		Company	
As at 31 March		2011	2010	2011	2010
<b>9 DEFERRED TAX ASSETS</b>					
<b>At the beginning of the year</b>		25,640,927	26,299,737	-	-
Acquisition of subsidiary		108,378,541	-	-	-
Increase/(decrease) in asset		235,323,023	(658,810)	-	-
<b>At the end of the year</b>		369,342,491	25,640,927	-	-
<b>The closing deferred tax asset balance relates to the following:</b>					
Revaluation of investment property to fair value		49,849,641	-	-	-
Accelerated depreciation for tax purposes		(63,347,804)	309,195	-	-
Employee benefit liabilities		24,099,334	7,782,563	-	-
Losses available for offset against future taxable income		380,814,793	2,613,020	-	-
Others		(22,073,475)	14,936,149	-	-
		369,342,491	25,640,927	-	-

In Rs.		Group		Company	
As at 31 March		2011	2010	2011	2010
<b>10 INVENTORIES</b>					
Finished goods		2,504,379,582	861,503,408	-	-
Other stocks		46,984,325	13,919,841	-	-
		2,551,363,907	875,423,249	-	-

## Notes to the Financial Statements

(Continued)

In Rs.	Group		Company	
As at 31 March	2011	2010	2011	2010
<b>11 TRADE AND OTHER RECEIVABLES</b>				
Trade receivables	1,857,091,895	948,413,645	54,882,095	93,838,314
Prepayments & refundable deposits	513,053,121	335,171,997	-	-
Tax refunds	49,050,140	25,358,941	1,595,181	2,514,227
Loans to executives	2,935,945	951,657	2,053,528	920,657
Share application money receivable	-	25,371,936	-	25,371,936
Other receivables	456,854,725	168,421,846	12,184,918	14,424,036
	<b>2,878,985,826</b>	<b>1,503,690,022</b>	<b>70,715,722</b>	<b>137,069,170</b>

In Rs.	Group		Company	
As at 31 March	2011	2010	2011	2010
<b>12 LOANS AND ADVANCES</b>				
Short term lending	811,328,308	-	-	-
Personal loans	387,178,725	-	-	-
Pawning debtors	164,337,665	-	-	-
Working capital finance	9,879,365	-	-	-
Unearned income	(375,787,260)	-	-	-
Interest In suspense	(4,454,773)	-	-	-
Provision for doubtful debts	(7,948,297)	-	-	-
	<b>984,533,733</b>	<b>-</b>	<b>-</b>	<b>-</b>

In Rs.	Group		Company	
As at 31 March	2011	2010	2011	2010
<b>13 SHORT TERM INVESTMENTS</b>				
<b>13.1 Quoted investments</b>				
ACL Cables PLC	40,910	9,900	-	-
Browns & Company PLC	5,274,360	-	5,274,360	-
Colombo Fort Land & Building Co. PLC	9,649,640	1,554,450	-	-
Dankotuwa Porcelain PLC	-	525,000	-	-
DFCC Bank	365,426	16,732	-	-
Distilleries Company of Sri Lanka PLC	27,000,000	-	9,000,000	-
Eden Hotels Lanka PLC	-	22,640	-	-
Hatton National Bank PLC	198,877,980	-	151,278,000	-
John Keells Holdings PLC	5,783,686	11,086,184	-	11,040,000
John Keells Hotels PLC	22,928	24,661	22,928	24,661
Lanka IOC PLC	2,817,760	2,921,825	2,817,760	2,921,825
Lanka Tiles PLC	130,607	70,025	-	-
Pan Asia Bank Corporation PLC	3,386	9,688,125	3,386	9,688,125
Renuka City Hotels	16,654	12,050	-	-
Richard Peiris & Co PLC	2,856	770	-	-
Richard Peiris Export PLC	5,600	5,300	-	-
Sampath Bank PLC	8,657,610	-	2,883,000	-
Seylan Bank PLC	3,907,520	37,092,388	7,520	37,092,388
Seylan Bank PLC - Non voting	8,803,200	-	943,200	-
Tokyo Cement Co Lanka PLC- Non Voting	-	1,860,200	-	1,860,200
Vanik Incorporation PLC	-	800	-	-
Commercial Bank of Ceylon PLC	1,550,250	-	-	-
Hatton National Bank PLC - Non voting	844,000	-	-	-
National Development Bank PLC	3,096,000	-	-	-
Chemical Industries (Colombo) PLC	155,000	-	-	-
Colombo Dockyard PLC	257,000	-	-	-
Ceylon Theaters PLC	398,400	-	-	-
Dipped Products PLC	278,400	-	-	-
Royal Ceramics Lanka PLC	1,560,000	-	-	-
	<b>279,499,172</b>	<b>64,891,050</b>	<b>172,230,154</b>	<b>62,627,199</b>

Market value of quoted short term investments were Rs. 279,499,172/- (31.03.2010 - Rs.64,891,050/-) and Rs.172,230,154/- (31.03.2010 - Rs. 62,627,199/-) for the Group and Company respectively.

In Rs.		Group		Company	
As at 31 March		2011	2010	2011	2010
<b>13.2</b>	<b>Unquoted investments</b>				
	Credit Investigation Bureau	154,300	-	-	-
	Voyages Jean Mermoz Ltd.	10,000	10,000	-	-
	Ceylon Textile Manufactures Ltd.	207,000	207,000	-	-
	Expo Lanka (Pvt) Ltd	99,495,000	-	99,495,000	-
	Investment - Others	-	286,050	-	-
		99,866,300	503,050	99,495,000	-

The directors' valuation of non quoted investments amount to Rs.99,866,300/- (2010 - Rs.503,050/-) and Rs 99,495,000/- (2010 - Nil) for the Group and Company respectively.

<b>13.3</b>	<b>Other investments</b>				
	Treasury bill	156,572,402	31,427,378	-	-
	Fixed deposits	71,145,996	-	-	-
	Treasury bond	-	8,823,729	-	-
	Placement with banks and financial institution	50,000,000	-	-	-
	Investment in Repo	73,658,492	-	-	-
		351,376,890	40,251,107	-	-
	<b>Total short term investments</b>	730,742,362	105,645,207	271,725,154	62,627,199

As at 31 March		2011		2010	
		Number of shares	Value of shares Rs.	Number of shares	Value of shares Rs.
<b>14</b>	<b>STATED CAPITAL</b>				
	<b>Fully Paid Ordinary Shares</b>				
	At the beginning of the year	62,973,000	984,056,000	5,000,000	50,000,000
	Share sub-division	576,000,000	-	45,000,000	-
	Issue of shares for cash consideration	1,027,000	73,944,000	12,973,000	934,056,000
		640,000,000	1,058,000,000	62,973,000	984,056,000

- 14.1** The Board of Directors of the company at the Annual General Meeting held on 11th February 2011 resolved to recommend to the shareholders the sub-division (splitting) of the existing 64,000,000 ordinary shares of the company, without any change to the stated capital of the company amounting to Rs.1,058,000,000/-. Upon the aforesaid sub-division, the resulting number of shares were 640,000,000. Shareholders in effect received ten shares for each share held by them. Sub divided ordinary shares rank pari-pasu in respect of voting and other rights attached with the ordinary shares that are being sub divided.

In Rs.		Group		Company	
As at 31 March		2011	2010	2011	2010
<b>15</b>	<b>CAPITAL RESERVES</b>				
	Revaluation reserve	737,845,882	628,105,194	-	-
	Exchange translation reserve	(56,359,656)	(37,180,342)	-	-
	Statutory reserve fund	3,414,497	-	-	-
		684,900,723	590,924,852	-	-



## Notes to the Financial Statements

(Continued)

As at 31 March		2011			2010		
In Rs.		Finance lease	Loans	Total	Finance lease	Loans	Total
<b>16</b>	<b>INTEREST BEARING BORROWINGS</b>						
<b>16.1</b>	<b>Movement</b>						
	<b>Group</b>						
	<b>At the beginning of the year</b>	122,140,311	1,285,626,876	1,407,767,187	193,325,445	1,236,356,909	1,429,682,354
	Additions	153,318,913	2,171,652,314	2,324,971,227	20,057,194	585,892,063	605,949,257
	Acquisition of subsidiaries	10,104,777	4,291,506,340	4,301,611,117	-	-	-
	Transfers	-	-	-	-	70,419,205	70,419,205
	Loans rescheduled	-	(4,840,627)	(4,840,627)	-	-	-
	Repayments	(80,068,945)	(1,527,223,538)	(1,607,292,483)	(91,242,326)	(607,041,301)	(698,283,627)
	Finance charges	(37,586,809)	-	(37,586,809)	(20,076,581)	-	(20,076,581)
	<b>At the end of the year</b>	167,908,247	6,216,721,365	6,384,629,612	102,063,732	1,285,626,876	1,387,690,608
	Repayable within one year	58,072,150	2,837,645,660	2,895,717,810	52,157,617	663,240,032	715,397,649
	Repayable after one year	109,836,097	3,379,075,705	3,488,911,802	49,906,115	622,386,844	672,292,959
		167,908,247	6,216,721,365	6,384,629,612	102,063,732	1,285,626,876	1,387,690,608

As at 31 March		2011			2010		
In Rs.		Finance lease	Loans	Total	Finance lease	Loans	Total
	<b>Company</b>						
	<b>At the beginning of the year</b>	86,378,065	403,533,784	489,911,849	150,694,467	331,770,708	482,465,175
	Additions	59,188,820	311,810,383	370,999,203	-	80,351,000	80,351,000
	Transfers	-	-	-	-	70,419,205	70,419,205
	Loan rescheduled	-	(4,840,627)	(4,840,627)	-	-	-
	Repayments	(53,864,129)	(243,948,694)	(297,812,823)	(64,316,402)	(79,007,129)	(143,323,531)
	Finance charges	(14,812,906)	-	(14,812,906)	(12,631,296)	-	(12,631,296)
	<b>At the end of the year</b>	76,889,851	466,554,846	543,444,696	73,746,769	403,533,784	477,280,553
	Repayable within one year	30,520,285	112,201,127	142,721,412	39,515,967	161,719,471	201,235,438
	Repayable after one year	46,369,566	354,353,718	400,723,284	34,230,802	241,814,313	276,045,115
		76,889,851	466,554,846	543,444,696	73,746,769	403,533,784	477,280,553

\* Refer Page 76, 77, 78, 79, 80, 81, 82, 83, 84 for details of interest bearing borrowings.

In Rs.		Group		Company	
As at 31 March		2011	2010	2011	2010
<b>17</b>	<b>PUBLIC DEPOSITS</b>				
	Deposits maturing after one year	205,057,922	-	-	-
	Deposits maturing within one year	1,379,779,977	-	-	-
	<b>Total public deposits</b>	1,584,837,899	-	-	-

In Rs.		Group		Company	
As at 31 March		2011	2010	2011	2010
<b>18</b>	<b>DEFERRED TAX LIABILITIES</b>				
	<b>At the beginning of the year</b>	56,983,666	56,021,224	-	-
	Acquisition of subsidiaries	103,823,975	-	-	-
	Charge / (reversals)	13,109,498	962,442	-	-
	<b>At the end of the year</b>	173,917,139	56,983,666	-	-
	The closing deferred tax liability balance relates to the following:				
	Revaluation of land and building to fair value	51,985,833	49,349,821	-	-
	Accelerated depreciation for tax purposes	164,942,692	5,288,427	-	-
	Employee benefit liabilities	(29,903,652)	(1,932,152)	-	-
	Losses available for offset against future taxable income	(13,681,802)	-	-	-
	Others	574,068	4,277,570	-	-
		173,917,139	56,983,666	-	-

In Rs.		Group		Company	
As at 31 March		2011	2010	2011	2010
<b>19</b>	<b>EMPLOYEE BENEFIT LIABILITY</b>				
	<b>At the beginning of the year</b>	52,625,758	49,485,863	6,999,028	6,199,860
	Charge	1,049,993	8,419,004	2,733,536	882,868
	Acquisition of subsidiaries	177,871,849	-	-	-
	Interest cost on benefit obligation	12,114,748	3,780,040	1,383,890	470,669
	Transfers from/(to) related companies	-	-	687,250	-
	Deficit/(surplus) charged	17,064,914	(5,519,571)	470,317	(497,869)
	Payments	(4,509,460)	(3,504,060)	(674,125)	(56,500)
	Write back	(3,755,145)	-	-	-
	Exchange translation difference	-	(35,518)	-	-
	<b>At the end of the year</b>	<b>252,462,657</b>	<b>52,625,758</b>	<b>11,599,896</b>	<b>6,999,028</b>

The employee benefit liability of Asiri group companies and Softlogic Finance PLC are based on the actuarial valuations carried out by Messrs. Actuarial & Management Consultants (Pvt) Ltd., actuaries and Messers Piyal S. Goonetilleke & Associates, actuaries respectively. The employee benefit liability of all other companies in the group are based on the gratuity formula in Appendix E of SLAS 16 - Employee Benefits.

Discount rate 8%-12%  
Future salary increases 8%-12%

In Rs.		Group		Company	
As at 31 March		2011	2010	2011	2010
<b>20</b>	<b>TRADE AND OTHER PAYABLES</b>				
	Trade payables	852,990,416	350,099,448	-	-
	Advances and deposits	139,933,374	8,887,279	-	1,650,000
	Sundry creditors including accrued expenses	423,563,199	259,412,590	66,304,462	23,137,207
	Other payables	522,107,996	43,648,887	1,319,534	(40,693)
		<b>1,938,594,985</b>	<b>662,048,204</b>	<b>67,623,996</b>	<b>24,746,514</b>

In Rs.		Group		Company	
As at 31 March		2011	2010	2011	2010
<b>21</b>	<b>INCOME TAX LIABILITIES</b>				
	<b>At the beginning of the year</b>	13,337,973	7,949,411	-	-
	Provision	283,241,098	62,626,836	-	-
	Acquisition of subsidiaries	56,736,837	-	-	-
	Payments and set off against refunds	(157,523,137)	(57,238,274)	-	-
	<b>At the end of the year</b>	<b>195,792,771</b>	<b>13,337,973</b>	<b>-</b>	<b>-</b>

In Rs.		Group		Company	
As at 31 March		2011	2010	2011	2010
<b>22</b>	<b>SHORT TERM BORROWINGS</b>				
	Loans	9,268,459,352	1,824,963,510	3,690,744,882	193,456,549
	Promissary notes	543,771,075	-	-	-
	Commercial papers	346,134,590	-	-	-
		<b>10,158,365,017</b>	<b>1,824,963,510</b>	<b>3,690,744,882</b>	<b>193,456,549</b>

\* Refer Page No. 85, 86 for details of short term borrowings



## Notes to the Financial Statements

(Continued)

In Rs.		Group		Company	
For the year ended 31 March		2011	2010	2011	2010
<b>23</b>	<b>REVENUE</b>				
	Gross revenue	10,857,624,670	4,891,057,914	159,556,537	121,669,087
	Turnover tax	(69,157,680)	(42,249,294)	-	-
	Net revenue	10,788,466,990	4,848,808,620	159,556,537	121,669,087

In Rs.		Group		Company	
For the year ended 31 March		2011	2010	2011	2010
<b>24</b>	<b>DIVIDEND INCOME</b>				
	Income from investment in related parties	-	-	149,789,414	24,173,694
	Income from other investments	3,223,513	68,321	1,275,605	73,000
		3,223,513	68,321	151,065,019	24,246,694

In Rs.		Group		Company	
For the year ended 31 March		2011	2010	2011	2010
<b>25</b>	<b>OTHER OPERATING INCOME</b>				
	Interest income	33,453,474	12,939,064	1,874,006	2,319,821
	Profit on sale of property, plant & equipment	15,678,051	8,306,902	1,763,224	5,174,000
	Profit on sale of other investments	142,288,885	29,384,693	102,097,309	29,384,693
	Change in fair value of short term investments	9,157,852	7,873,076	(5,268,940)	6,738,322
	Exchange gain	179,513,121	98,928,906	15,522,045	32,322,617
	Fees received	179,589,270	78,686,290	-	-
	Commission income	23,757,951	21,844,772	19,718,042	3,886,166
	Sundry income	68,555,065	163,806,255	7,803,789	26,254,822
	Write back of other payable	12,204,675	-	-	-
	Write back on loan rescheduled	4,840,627	-	4,840,627	-
		669,038,971	421,769,958	148,350,102	106,080,441



In Rs.		Group		Company	
For the year ended 31 March		2011	2010	2011	2010
<b>26</b>	<b>FINANCE EXPENSES</b>				
	Bank loan interest	521,064,999	367,827,082	189,747,342	123,097,255
	Lease interest	12,944,353	5,803,514	-	-
	Bank charges and debit tax	47,096,915	25,586,690	-	-
	Over draft interest	43,896,553	109,202,869	407,218	70,256,521
	Interest on import loan & margin loan	227,185,433	271,029,165	-	-
	Factoring charges	4,866,329	2,838,305	-	-
		857,054,582	782,287,625	190,154,560	193,353,776

In Rs.		Group		Company	
For the year ended 31 March		2011	2010	2011	2010
<b>27</b>	<b>PROFIT/(LOSS) BEFORE TAX</b>				
	Profit/(loss) before tax is stated after charging all expenses including the followings				
	Directors' emoluments including incentive	78,461,930	29,031,788	8,400,474	3,044,076
	Auditors fees & other expenses	9,926,510	1,909,308	4,544,658	770,208
	Non audit fees and expenses	582,840	89,280	-	89,280
	Cost of defined employee benefit				
	- Defined benefit plan cost	30,229,656	6,679,474	4,587,743	855,668
	- Defined contribution plan cost - EPF/ETF	93,401,048	32,148,405	3,817,804	2,914,000
	Staff expenses	530,467,522	247,890,559	35,652,681	21,444,863
	Depreciation of property, plant and equipment	285,138,561	126,424,714	39,362,189	49,999,429
	Amortisation/impairment of intangible assets	9,649,710	2,888,602	-	-
	Exchange gain	(179,513,121)	(98,928,906)	(15,522,045)	(32,322,617)
	Donations	1,613,622	395,659	837,942	53,072



## Notes to the Financial Statements

(Continued)

In Rs.		Group		Company	
For the year ended 31st March		2011	2010	2011	2010
<b>28</b>	<b>TAX EXPENSE</b>				
	Current income tax				
	Current tax charge	240,899,809	95,234,008	437,270	535,666
	(Over)/under provision of current tax of previous years	46,733,072	(334,804)	2,746,594	-
	10% Withholding tax on inter company dividends	16,391,381	2,321,489	-	-
	Deemed dividend tax	510,262	-	-	-
	Deferred income tax				
	Deferred tax charge / (release)	(228,524,970)	1,621,252	-	-
		76,009,554	98,841,945	3,183,864	535,666
<b>28.1</b>	<b>Reconciliation between tax expense and the product of accounting profit</b>				
	Profit before tax	1,046,819,076	253,524,384	82,657,692	(37,341,091)
	Non deductible expenses	715,228,800	95,529,755	105,220,802	75,126,903
	Deductible expenses	(559,528,269)	(189,394,279)	(326,744,776)	(117,570,005)
	Dividend income from group companies	-	-	-	-
	Tax Exempt Income	(448,490,623)	(16,571,232)	(19,718,042)	(3,886,166)
		754,028,984	143,088,629	(158,589,324)	(83,670,359)
	Rent income	2,670,536	889,822	-	-
	Interest income	32,852,226	11,209,439	1,893,662	2,319,821
	Total Statutory Income	789,551,746	155,187,890	1,893,662	2,319,821
	Set off against tax losses	(115,399,233)	(25,583,899)	(662,782)	(811,937)
	Taxable Income	674,152,513	129,603,991	1,230,880	1,507,884
	Income tax rate at 35%	233,180,539	61,524,861	430,808	527,759
	Income tax at concessionary rate of 2%	82,352	-	-	-
	SRL at 1.5%	3,373,524	924,799	6,462	7,907
		236,636,415	62,449,660	437,270	535,666
	Current tax share of associate	4,263,394	32,784,348	-	-
		240,899,809	95,234,008	437,270	535,666
<b>28.2</b>	<b>Deferred tax expense</b>				
	Deferred tax expense arising from				
	Accelerated depreciation for tax purposes	71,248,795	5,063,930	-	-
	Accelerated Depn on Lease rent	14,339,944	420,065	-	-
	Revaluation of investment property to fair value	(49,849,641)	-	-	-
	Employee benefit liabilities	(21,600,396)	(2,155,164)	-	-
	Benefit arising from tax losses	(240,920,243)	(3,788,744)	-	-
	Others	(1,743,429)	2,081,168	-	-
	Total deferred tax charge / (credit)	(228,524,970)	1,621,255	-	-

Deferred tax credit of Rs 235 Mn arise from the recognition of tax losses of Uni Walkers (Pvt) Ltd and Uni Walkers Distributors (Pvt) Ltd which are available for set off against the future taxable profits.

### 28.3 Applicable rates of income tax

**28.3.1** The tax liability of the group companies are computed at the standard rate of 35% except for the following companies which enjoy full or partial exemptions and concessions.

Company	Basis	Exemptions / concessions	Period
Asiri Surgical Hospitals PLC	Operating two tier hospital and providing healthcare services	Exempt	10 years from March 2004
Asiri Hospital Matara (Pvt) Ltd	Providing healthcare services	Exempt	10 years from March 2007
Asiri Central Hospital PLC	Providing healthcare services	2%	15 years from March 2007
Ceylinco Tourists Hotel Ltd.	Promotion of tourism	15%	Open Ended
Softlogic Finance PLC	Finance Company	33.33%	Current year
Softlogic Australia Pty Ltd	Supply and implement the Software; and provide training and maintenance services	28%	Open Ended

### 29. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue.

In Rs.

In Rs.		Group	
For the year ended 31 March	Note	2011	2010
<b>29.1 Basic earnings per share</b>			
Profit attributable to equity holders of the parent		829,248,354	154,116,859
Weighted average number of ordinary shares	(29.2)	639,572,083	500,000,000
Basic earnings per share		1.30	0.31
<b>29.2 Amounts used as denominator</b>			
Ordinary shares at the beginning of the year		62,973,000	5,000,000
Effect of issue of shares for cash consideration		984,208	-
Effect of share sub-division		575,614,875	495,000,000
Ordinary shares at the end of the year		639,572,083	500,000,000



## Notes to the Financial Statements

(Continued)

		Information & Communication Technologies		Retail		Automobile		Finance	
In Rs.		2011	2010	2011	2010	2011	2010	2011	2010
For the year ended 31 March									
<b>30. SEGMENTAL INFORMATION</b>									
<b>Revenue</b>									
Total revenue		8,176,353,086	4,906,915,647	2,535,427,559	704,049,672	335,874,701	91,939,374	597,466,953	-
Inter segment sales		(1,718,848,489)	(840,275,050)	(500,840,580)	(118,359,904)	-	-	-	-
<b>Revenue</b>		<b>6,457,504,597</b>	<b>4,066,640,597</b>	<b>2,034,586,979</b>	<b>585,689,768</b>	<b>335,874,701</b>	<b>91,939,374</b>	<b>597,466,953</b>	<b>-</b>
Segment result		744,885,716	678,211,300	240,882,196	618,752	46,226,134	36,129,955	161,175,590	(207,435)

Interest expenses

Interest income

Share of profit  
of associate

Income taxes

Profit

### Other information

		Information & Communication Technologies		Retail		Automobile		Finance	
In Rs.		2011	2010	2011	2010	2011	2010	2011	2010
For the year ended 31 March									
Segment assets		5,692,679,266	4,668,231,882	2,525,336,080	232,956,941	151,835,496	37,814,127	5,827,347,882	10,602,798
Investment In equity method associate									
Consolidated total assets									
Segment liabilities		4,638,691,335	4,244,479,346	561,790,412	267,348,426	55,480,752	-	4,855,205,729	8,012,377
Capital expenditure		71,695,298	22,688,572	-	8,753,372	1,348,351	-	35,303,275	-
Depreciation		48,595,403	46,485,840	442,179	889,130	18,499	-	15,731,491	-

Travel & Leisure		Healthcare		Others		Eliminations		Consolidated	
2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
-	-	1,250,243,607	-	280,791,104	226,207,967			13,176,157,010	5,929,112,660
-	-	(7,639,331)	-	(160,361,620)	(121,669,086)			(2,387,690,020)	(1,080,304,040)
-	-	1,242,604,276	-	120,429,484	104,538,881			10,788,466,990	4,848,808,620
(960,308)	305,556	320,192,698		530,092,394	267,061,603	(197,773,285)	(30,367,286)	1,844,721,136	951,752,445
								(857,054,582)	(782,287,625)
								33,453,474	12,939,064
								25,399,350	71,120,500
								(76,009,554)	(98,841,945)
								970,509,823	154,682,439

Travel & Leisure		Healthcare		Others		Eliminations		Consolidated	
2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
910,265,201	495,995,058	16,625,116,779	-	6,578,855,553	3,154,528,249	(9,238,037,451)	(3,275,652,279)	29,073,398,806	5,324,476,776
								61,113,267	1,758,915,257
								29,134,512,073	7,083,392,033
326,500,456	239,218,407	8,541,356,553	-	7,142,116,437	2,886,342,179	(4,031,649,432)	(2,605,814,781)	22,089,492,241	5,039,585,954
2,500,000	-	135,309,793	-	125,391,300	444,742	(4,323,686)	(711,866)	367,224,332	31,174,820
-	-	141,851,585	-	77,339,538	78,413,372	1,159,866	636,372	285,138,561	126,424,714



## Notes to the Financial Statements

(Continued)

### 31. COMMITMENTS AND CONTINGENCIES

There were no material commitments and contingencies as at the balance sheet date other than what is disclosed below.

#### 31.1 Capital and other commitments

Capital commitments approved and contracted as at the balance sheet date, but not provided for in the financial statements amounted to Rs.147 Mn (2010 - Nil ) and Rs. Nil (2010 Rs. Nil) for the group and company respectively.

In Rs.	Group	
As at 31 March	2011	2010
<b>31.2 Contingencies</b>		
<b>Softlogic Finance PLC</b>		
Guarantees issued and in force	10,800,000	-
	10,800,000	-

### 32. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

Related entities	Relationship	Effective Holdings	Country of Incorporation
Softlogic Computers (Pvt) Limited	Subsidiary	99.99%	Sri Lanka
Softlogic Communication (Pvt) Limited	Subsidiary	99.00%	Sri Lanka
Softlogic International (Pvt) Limited	Subsidiary	99.99%	Sri Lanka
Softlogic Solar (Pvt) Limited	Subsidiary	99.00%	Sri Lanka
Softlogic Information Technologies (Pvt) Limited	Subsidiary	100.00%	Sri Lanka
Softlogic Australia Pty Limited	Subsidiary	100.00%	Australia
Softlogic Properties (Pvt) Limited	Subsidiary	99.00%	Sri Lanka
Softlogic Communication Services (Pvt) Ltd.	Subsidiary	99.00%	Sri Lanka
Future Automobiles (Pvt) Ltd.	Subsidiary	100.00%	Sri Lanka
<b>Uni Walkers (Pvt) Limited Group</b>			
Uni Walkers (Pvt) Limited	Subsidiary	100.00%	Sri Lanka
Uni Walkers Distributors (Pvt) Limited	Subsidiary	100.00%	Sri Lanka
Dai Nishi Securities (Pvt) Limited	Subsidiary	100.00%	Sri Lanka
<b>Softlogic Capital Limited Group</b>			
Softlogic Capital Limited	Subsidiary	54.15%	Sri Lanka
Softlogic Finance PLC	Subsidiary	30.54%	Sri Lanka
Softlogic Credit Limited	Subsidiary	36.30%	Sri Lanka
Capital Reach Business Development (Pvt) Ltd	Subsidiary	54.15%	Sri Lanka
Asiri Diagnostics Services (Pvt) Ltd	Subsidiary	34.39%	Sri Lanka
Asiri Hospital Matara (Pvt) Ltd	Subsidiary	51.68%	Sri Lanka
Matara Medi House (Pvt) Ltd	Subsidiary	51.68%	Sri Lanka
Central Hospital (Pvt) Ltd	Subsidiary	24.91%	Sri Lanka
Asiri Hospital Kandy (Pvt) Ltd	Subsidiary	51.68%	Sri Lanka
Asiri Hospitals Holdings PLC	Subsidiary	51.68%	Sri Lanka
Asiri Surgical Hospital PLC	Subsidiary	29.91%	Sri Lanka
Asiri Central Hospitals PLC	Subsidiary	49.33%	Sri Lanka
Ceylinco Tourist Hotels Ltd	Subsidiary	67.50%	Sri Lanka



In Rs.		Group		Company	
As at 31 March	Note	2011	2010	2011	2010
<b>32.1 Amounts due from related parties</b>					
<b>Non current</b>					
Subsidiaries	(32.1.1)	-	-	237,044,175	237,044,175
Associates	(32.1.2)	13,045,037	-	-	-
		13,045,037	-	237,044,175	237,044,175
<b>Current</b>					
Subsidiaries	(32.1.3)	-	-	278,118,321	205,528,928
Associates	(32.1.4)	261,598	14,907,560	26,688	14,907,560
Key management personnel (KMP)		-	26,080,621	-	-
		261,598	40,988,181	278,145,009	220,436,488

In Rs.		Group		Company	
As at 31 March	Note	2011	2010	2011	2010
<b>32.2 Amounts due to related parties</b>					
Subsidiaries	(32.2.1)	-	-	701,310,097	687,936,389
Associates	(32.2.2)	121,800	-	121,800	-
Key management personnel (KMP)		3,927,810	5,814,471	3,158,792	3,158,792
		4,049,610	5,814,471	704,590,689	691,095,181

In Rs.		Group		Company	
As at 31 March		2011	2010	2011	2010
<b>32.1.1 Non current</b>					
<b>Subsidiary</b>					
Softlogic Properties (Pvt) Ltd		-	-	237,044,175	237,044,175
<b>32.1.2 Associates</b>					
Gerry's Softlogic (Pvt) Ltd		13,045,037	-	-	-
<b>32.1.3 Current</b>					
<b>Subsidiaries</b>					
Softlogic Australia Pty Ltd		-	-	196,190,763	159,810,457
Softlogic Computers (Pvt) Ltd		-	-	3,482,428	189,017
Softlogic Information System (Pvt) Ltd		-	-	-	41,908,753
Softlogic Properties (Pvt) Ltd		-	-	13,878,758	2,166,732
Softlogic Furniture (Pvt) Ltd		-	-	-	1,453,969
Uni Walkers (Pvt) Ltd		-	-	30,970,573	-
Softlogic Communication (Pvt) Ltd		-	-	-	-
Ceylinco Tourist Hotels Ltd		-	-	20,000,000	-
Softlogic Solar (Pvt) Ltd		-	-	24,807,321	-
Less: Provision for inter company receivable balances		-	-	(11,211,522)	-
		-	-	278,118,321	205,528,928
<b>32.1.4 Associates</b>					
Gerry's Softlogic (Pvt) Ltd		-	14,883,732	14,350,595	14,883,732
Abacus International Lanka (Pvt) Ltd		261,598	23,828	26,688	23,828
Less: Provision for intercompany receivable balances		-	-	(14,350,595)	-
		261,598	14,907,560	26,688	14,907,560



## Notes to the Financial Statements

(Continued)

In Rs.	Group		Company	
As at 31 March	2011	2010	2011	2010
<b>32.2.1 Subsidiaries</b>				
Softlogic Communication (Pvt) Ltd	-	-	88,526,752	417,273,954
Softlogic International (Pvt) Ltd	-	-	326,418,445	87,789,812
Uniwalkers (Pvt) Ltd	-	-	-	17,376,148
Future Automobiles (Pvt) Ltd	-	-	2,000,000	-
Softlogic Information Technologies (Pvt) Ltd	-	-	284,363,910	165,496,475
Softlogic Communication Services (Pvt) Ltd	-	-	990	-
	-	-	701,310,097	687,936,389
<b>32.2.2 Associates</b>				
Abacus International Lanka (Pvt) Ltd	121,800	-	121,800	-
	121,800	-	121,800	-

The intercompany current account payables by Uni Walkers (Pvt) Ltd to Softlogic Information Technologies (Pvt) Ltd, Softlogic Communication (Pvt) Ltd and Softlogic International (Pvt) Ltd amounting to Rs 286,000,000/- has been undertaken by the Softlogic Holding Ltd whereas Uni Walkers (Pvt) Ltd converted the aforesaid indebtedness into ordinary shares of Uni Walkers (Pvt) Ltd. Softlogic Holding Ltd subscribed for 28,000,000 shares at Rs 10/- each and that purchase consideration be settled in full by the conversion of the indebtedness of Uni Walkers (Pvt) Ltd.

### 32.3 Transactions with the related entities - company

In Rs.	Fellow Subsidiary		Associate		Total	
As at 31 March	2011	2010	2011	2010	2011	2010
<b>Nature of transaction</b>						
Management and hiring fees received	141,840,887	105,672,762	12,924,300	11,196,325	154,765,187	116,869,087
Dividend received	149,686,614	534,600	12,000,000	23,561,994	161,686,614	24,096,594
Rent paid	1,200,000	-	13,167,216	-	14,367,216	-
Fund transfers to purchase shares	-	560,000	-	-	-	560,000
Guarantees given / (Guarantees taken)	4,977,150,000	(229,000,000)	-	-	4,977,150,000	(229,000,000)
Rent income received	600,000	600,000	-	-	600,000	600,000

In Rs.	Associate		Total	
As at 31 March	2011	2010	2011	2010
<b>32.4 Transactions with the related entities - Group</b>				
<b>Nature of transaction</b>				
Management and hiring fees received	12,924,300	11,196,325	12,924,300	9,531,700
Dividend received	12,000,000	23,561,994	12,000,000	38,101,911
Sale of goods	21,262,599	26,853,870	-	24,382,428

### 32.5 Transactions with key management personnel

#### a) Compensation key management personnel

Key management personnel include members of the Board of directors Softlogic Holdings Ltd and its subsidiary companies.

In Rs.	Group		Company	
As at 31 March	2011	2010	2011	2010
Short-term employee benefits	78,461,930	29,031,788	8,400,474	3,044,076
Post employee benefits	4,539,758	2,294,098	2,870,000	95,000
Amounts payable to KMP's	3,927,810	5,814,471	3,158,792	3,158,792
	86,929,498	37,140,357	14,429,266	6,297,868

#### b) Other transaction with key management personnel

The Board of directors has given Rs.3,462 Mn and Rs. 2,030 Mn personal guarantees on behalf of the Group and Company respectively.

For the year ended 31 March

**32.6 Number of Shares held by key management personnel**

Name of directors	No. of shares	
	2011	2010
Mr. A. K. Pathirage	321,500,000	32,150,000
Mr. H. Gunawardena	57,000,000	5,700,000
Mr. R. J. Perera	58,390,000	5,839,000
Mr. H. K. Kaimal	64,500,000	6,450,000
Dr. S. Sellieah	2,000,000	Nil
Deshamanya P.D.Rodrigo	Nil	Nil
Mr.W.M.P.Lal De Alwis	Nil	Nil
Mr. R. Rasool	Nil	Nil
Mr. S. A . Rajapaksha	Nil	Nil

- 32.7** The Board of Directors of Softlogic Properties (Pvt) Ltd (SPL) has resolved to vest the rent income earned from property owned by SPL to Softlogic Holdings Ltd amounting to Rs. 6,600,000/- (2010 - Rs. 6,150,000/-).

**33. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

There have been no material events occurring after the Balance Sheet date that require adjustments to or disclosure in the Financial Statements other than the following;

On 07 July 2011 the shares of the company were listed on the Diri Savi Board of the CSE and were classified under the Diversified Holding Sector.

On 11 July 2011 Softlogic Holdings Limited and its subsidiary, Softlogic Capital Limited ("Softlogic Capital") have entered into a Share Purchase Agreement with Asia Capital PLC to acquire 53.16% held by Asia Capital PLC and its Subsidiaries, and 20.36% held by Fast Gain International Limited aggregating 27,574,416 shares representing approximately 73.53% of the entire issued share capital of Asian Alliance Insurance PLC ("Asian Alliance") for a total consideration of Rs 3,308,929,920 (Rs 120/- per share).



## Notes to the Financial Statements

(Continued)

### 16.2 Details of interest bearing borrowings

Company	Lending institution	Nature of facility	Interest rate	Repayment term	Outstanding balance		Security
					2011 Rs.	2010 Rs.	
Softlogic Holdings Ltd	Seylan Bank PLC	Term loan	12%	36 monthly installments commencing from November 2008	-	35,855,560	
	Seylan Bank PLC	Term loan	12%	30 monthly installments and final installment of Rs 675,000 commencing from July 2008	-	24,400,000	
	Seylan Bank PLC	Term loan	12%	36 monthly installments commencing from December 2008	-	20,504,019	
	Seylan Bank PLC	Term loan	12%	59 monthly installments and Rs. 4.696 mn final payment plus interest, commencing from January 2011.	276,060,127	-	a) Primary concurrent mortgage for Rs. 70 mn over property at no:14 De Fonseka Place, Colombo 5.  b) Personnel guarantee of Mr.Ashok Pathirage for 30 mn  c) Mortgage & power of attorney over 26,587,710 number of shares of Asiri Hospital Holdings PLC  d) 14,492,750 number of shares of Asiri Hospital Holdings PLC lodged in slash account at consumer finance unit of Seylan Bank PLC (SBP)  e) 44,250,000 number of shares of Asiri Hospital Holdings PLC & 63,200 Lanka IOC PLC shares lodged in slash account at consumer finance unit of SBP.
	Seylan Bank PLC	Term loan	8%	83 monthly installments of Rs. 305,766 and final instalment Rs. 305,804 commencing from October 2010.	22,932,489	-	
	Commercial Bank of Ceylon PLC	Term loan	AW PLR +2%	48 monthly installments of Rs 1,382,000 and final instalment of Rs 1,334,000 from January 2010	61,590,645	86,890,000	a) Primary concurrent mortgage for Rs 200 mn (Commercial Bank's interest Rs.130 mn) over land and building at no.14 and 14B De Fonseka Place Colombo05.
	Commercial Bank of Ceylon PLC	Term loan	AW PLR +2%	57 monthly installments of Rs 959,000 and a final installment of Rs 925,000 from January 2010	39,285,000	51,752,000	b) Secondary concurrent mortgage for Rs 80 mn (Commercial Bank's Interest Rs.50 Mn) over land and building at no.14, 14B De Fonseka Place Colombo 05.  c) Personnel guarantee of Mr.Ashok Pathirage, for Rs.50 mn.
	Commercial Bank of Ceylon PLC	Term loan	AW PLR +2%	23 monthly installments of Rs 774,100 and a final installment of Rs 775,700 from April 2010	9,290,800	18,580,000	d) Primary mortgage bond for Rs.50 mn over 1,011,997 shares of Asiri Central Hospital PLC
	Commercial Bank of Ceylon PLC	Term loan	AW PLR +2%	31 monthly installments of Rs 2,059,000 and a final installment of Rs 2,060,000 from December 2009	-	61,771,000	e) Corporate guarantee from Softlogic Communications (Pvt) Ltd and Softlogic International (Pvt) Ltd for 100 mn each.
	Hatton National Bank PLC	Term loan	AWPLR+ 1.5%	47 monthly installments of Rs 1,042,000 & final installment Rs 1,026,000 commencing from December 2007	-	34,362,000	
	Sri Lanka Savings Bank	Term loan	9.5%	83 monthly installments & final installment of Rs 576,622 commencing from September 2010	57,395,785	69,419,205	
	Seylan Bank PLC	Finance lease			43,488,373	52,087,872	
	Hatton National Bank PLC	Finance lease			43,171,007	14,759,072	
	Commercial Bank of Ceylon PLC	Finance lease			4,006,577	15,542,573	
	Sampath Bank PLC	Finance lease			1,036,799	3,988,549	
		Finance charges			(14,812,906)	(12,631,296)	
					543,444,696	477,280,554	

Company	Lending institution	Nature of facility	Interest rate	Repayment term	Outstanding balance		Security
					2011 Rs.	2010 Rs.	
Softlogic Information Technologies (Pvt) Ltd	Commercial Bank of Ceylon PLC	Term loan	AWPLR + 1.5%	60 monthly installments commencing from April 2008	43,760,000	62,714,000	a) Corporate guarantee Softlogic Holdings Ltd Rs.307.5 mn
							b) Mortgage bond on shares of Asiri Hospital Holdings PLC 3.3 mn
	Commercial Bank of Ceylon PLC	Term loan	AWPLR + 1.5%	24 monthly installments commencing from Nove 2009.	4,399,834	188,999,997	c) Mortgage bond over stock and book debt Rs. 282.5 mn
							d) Personnel guarantee Mr. A.K. Pathirage for Rs.43.75 mn
	Commercial Bank of Ceylon PLC	Term loan	Free	18 monthly installments commencing from November 2009	859,000	12,911,000	
	People's Leasing Finance PLC	Special loan	19%	24 monthly installments commencing from March 2010	8,238,277	15,000,000	Leased assets
	Seylan Bank PLC	Finance lease	12%	60 monthly installments	14,702,506	2,351,463	Leased assets
Uniwalkers (Pvt) Limited	Pan Asia Banking Corporation PLC	Finance lease	24.5%	48 monthly installments	1,796,652	2,556,774	Leased assets
	Nation Trust Bank PLC	Finance lease	11.5%	60 monthly installments	17,910,828	-	Leased assets
		Finance charges			(7,007,424)	(1,237,751)	
Uniwalkers (Pvt) Limited	Hatton National Bank PLC	Term loan	AWPLR +1.5%	41 monthly instalmentts commencing from May 2008	-	16,766,552	
	Hatton National Bank PLC	Term loan	AWPLR +1.5%	24 monthly instalmentts commencing from February 2008	-	14,819,424	
	Hatton National Bank PLC	Term loan	AWPLR +1.5%	27 monthly installments of Rs. 300,000 each plus interest commencing from June 2010	1,311,027	-	Primary floating mortgage bond for Rs 179 mn over commercial property at 402 ,Galle Road, Colombo 03.
	Sampath Bank PLC	Term loan	18.5%		-	57,923,222	
	Hatton National Bank PLC	Term loan	AWPLR +1.5%	17 monthly installments of Rs. 625,000 ech plus interest commencing from December 2010	8,823,299	-	Primary floating mortgage bond for Rs 30 mn over immovable property at Danawakanda Estate, Demalagama, Dekatana.
	Hatton National Bank PLC	Term loan	AWPLR +1.5%	34 monthly installments of Rs.1,161,765 each plus interest commencing from June 2010	36,306,545	-	Floating mortgage bond for Rs 220 mn ranking paripasu with Sampath Bank PLC and Seylan Bank PLC over stock of electrical/household appliance store at no 402, Galle Road, Kollupitiya and Biyagama Road, Pethiyagoda, Kelaniya and at the duty free shop at KIA with an assignment of book debts.
	Hatton National Bank PLC	Term loan	AWPLR+1.5%	53 monthly installments of Rs. 1,000,000 each plus interest commencing from June 2010	49,410,480	-	Primary floating mortgage bond for Rs 179 mn over commercial property at 402,Galle Road, Colombo 03.
	Hatton National Bank PLC	Term loan	AWPLR+1.5%	60 monthly installments Rs. 1,667,000 each plus interest commencing from June 2010.	100,000,000	-	Primary mortgage bond for Rs 100 mn to be executed over the property situated at Colombo 3, secondry bond for Rs 100 mn has been executed to secured to secure facilities granted to Softlogic International (Pvt) Ltd

## Notes to the Financial Statements

(Continued)

Company	Lending institution	Nature of facility	Interest rate	Repayment term	Outstanding balance		Security
					2011 Rs.	2010 Rs.	
	Commercial Bank of Ceylon PLC	Term loan	AWPLR+1.5%	Payable in 11 equal monthly installments of Rs. 4,100,000 and final installment of Rs. 4,900,000 commencing from the 1st month from the date of 1st disbursement.	50,000,000	-	a) Mortgage for Rs. 130 mn over 27,000,000 shares of Asiri Hospital PLC owned by Softlogic Holdings Ltd.
	Commercial Bank of Ceylon PLC	Term loan	AWPLR+1.5%	Payable in 35 equal monthly installments of Rs. 1,380,000 and final installment of Rs. 1,700,000 commencing from the 1st month from the date of 1st disbursement.	33,545,353	-	b) Corporate guarantee from Softlogic Holdings Limited of Rs.200 mn.
	People's Leasing Company PLC	Term loan	19.50%	Payable in 24 equal monthly installments of Rs. 1,013,038 Commencing from July 2011	13,389,516	-	
	Commercial Leasing PLC	Term loan	20.50%	Payable in 11 equal monthly installments of Rs. 1,500,000 and Rs. 18,470,686 as 12 th installment on 20th June 2011.	16,500,000	-	a) Corporate guarantee from Mr. Pathirage of Rs. 30 mn.  b) Corporate guarantee from Softlogic Holdings Limited of Rs. 30 mn.
	Pan Asia Banking Corporation	Finance lease		Payable monthly as per lease agreements.	2,436,953	3,095,251	The asset leased
	Nation Trust Bank PLC	Finance lease		Payable monthly as per lease agreements.	8,687,687	-	The asset leased
	Commercial Bank of Ceylon PLC	Finance lease		Payable monthly as per lease agreements.	3,075,728	6,453,981	The asset leased
	Nation Trust Bank PLC	Finance lease		Payable monthly as per lease agreements.	2,590,705	3,629,014	The asset leased
	Seylan Bank	Finance lease		Payable monthly as per lease agreements.	4,397,514	-	The asset leased
Softlogic International (Pvt) Ltd	Commercial Bank of Ceylon PLC	Term loan	AWPLR+ 1.5% (monthly review)	60 equated installments of Rs. 625,000 commencing from March 2008	15,000,000	22,500,000	a) Primary mortgage bond for Rs. 21.68 mn to be executed by Softlogic Holdings Ltd favouring the bank over 2,727,060 shares of Asiri Hospitals Holdings PLC & 1,271,070 shares of Asiri Surgical Hospital PLC.  b) Personnel guarantee Mr. A.K. Pathirage 15.82 mn
	Sampath Bank PLC	Term loan	AWPLR+ 2% (monthly review)	35 monthly installments of Rs.2,800,000 and 1 installment of 2,000,000 commencing from March 2009	32,800,000	69,380,000	a) Loan agreement for Rs. 100 mn  b) Corporate guarantee of Softlogic Information Technologies (Pvt) Ltd ( Formerly known as Softlogic Trading (Pvt) Ltd) for Rs. 100 mn.  c) Joint and several guarantee of the directors of the company for Rs. 100 mn except H.K Kaimal



Company	Lending institution	Nature of facility	Interest rate	Repayment term	Outstanding balance		Security
					2011 Rs.	2010 Rs.	
	Hatton National Bank PLC	Term loan	AWPLR+3% (Monthly review)	47 monthly installments of 2,080,000 and 1 installment of 2,240,000 with a one year grace period commencing from April 2009	79,200,000	100,000,000	a) Registered secondary floating mortgage bond for Rs 100 mn over immovable properties situated at Dekatana, Biyagama no 402,Galle Road ,Colombo 03
Softlogic Credit Ltd	DFCC Bank	Term loan	14%	48 Reducing balance installments commencing from February 2008	2,083,308	-	Primary mortgage over 2.1 mn ordinary shares of Rs. 10/- each of Softlogic Credit Ltd held by Softlogic Capital Ltd
	DFCC Bank	Term loan	14%	"48 Equal monthly installments commencing from August 2010"	25,000,000	-	Rs. 7 mn by a secondary mortgage over 2.1 mn ordinary shares of Rs. 10/- each of Softlogic Credit Ltd held by Softlogic Capital Ltd
	Asia Asset Finance Ltd	Term loan	20%	24 Equal monthly installments commencing from June 2010	11,809,609	-	Nil
	Asia Asset Finance Ltd	Term loan	19%	24 Equal monthly installments commencing October 2010	14,923,370	-	Nil
	Lanka Orix Leasing Company PLC	Term loan	20%	24 Equal monthly installments commencing from May 2010	13,705,198	-	Corporate guarantee from Softlogic Capital Ltd.
	Lanka Orix Leasing Company PLC	Term loan	16%	24 Equal monthly installments commencing from December 2010	24,781,750	-	An on demand promissory note for Rs. 25 mn.
Asiri Surgical Hospital PLC	Commercial Bank of Ceylon PLC	Term loan	PLR + 0.5%	60 Equal monthly installments commencing from 12 months after first disbursement.	135,000,000	-	Rs. 300 mn corporate guarantee from Asiri Hospitals PLC
	Commercial Bank of Ceylon PLC	Term loan	PLR + 0.5%	60 Equal monthly installments with one year grace period commencing from December 2009	76,400,000	-	Primary mortgage over machinery to be imported & corporate guarantee from Asiri Hospitals PLC of Rs. 350 mn.
	Commercial Bank of Ceylon PLC	Term loan	PLR + 0.5%	59 Equal monthly installments of Rs 2,900,000 & final installment Rs 3,900,000 commencing from June 2008.	73,280,000	-	Secondary concurrent mortgage bond with Hatton National Bank PLC over the leased hold commercial property at no 21, Kirimandala Mawatha, Colombo 05 of the company for Rs. 175 mn.
	Hatton National Bank PLC	Term loan	AWPLR/TB + 1.1%	59 Equal monthly installments of Rs 2,900,000 & final installment Rs 3,900,000 commencing from July 2008.	79,300,000	-	Secondary concurrent mortgage bond with Hatton National Bank PLC over the leased hold commercial property at no 21, Kirimandala Mawatha, Colombo 05 of the company for Rs. 175 mn.
	Board of Investment	Lease	AWDR	25 years commencing from 2000/2001	55,673,944	-	-
	Nation Trust Bank PLC	Term loan	AWPLR+2%	48 Equal monthly installments commencing from January 2009	15,750,000	-	a)Mortgage over equipment b)Corporate guarantee from Asiri Hospitals PLC

## Notes to the Financial Statements

(Continued)

Company	Lending institution	Nature of facility	Interest rate	Repayment term	Outstanding balance		Security
					2011 Rs.	2010 Rs.	
	DFCC Bank	Term loan	AWPLR + 1%	50 Equal monthly installments (capital) after one month grace period commencing from December 2009	138,983,042	-	Rs. 200 mn 66,000,000 ordinary shares of Asiri Surgical Hosital PLC held by Asiri Hospitals PLC
	Hatton National Bank PLC	Finance lease			3,012,379	-	
		Finance charges			(468,263)	-	
Central Hospital (Pvt) Ltd	Sampath Bank PLC			Bulk repayment of Rs.750 mn. at the 25th Month and thereafter 60 equal monthly installment of Rs.19.584 mn.	658,286,000	-	a)Primary concurrent mortgage over the compamy's premises at no 114, Norris Canal Road, Colombo 10
	Bank of Ceylon				369,039,000	-	
	National Savings Bank				369,039,000	-	b)Secondary concurrent mortgage over the compamy's premises at no 37, Horton Place, Colombo 07. The secondary concurrent Mortgage shall be released upon the first repayment of Rs. 750,000,000
	Hatton National Bank PLC	Syndication loan	AWPLR+2.5%		299,221,000	-	
	Commercial Bank of Ceylon PLC				149,610,000	-	
	National Development Bank				74,805,000	-	
Asiri Central Hospitals PLC	National Development Bank	Finance lease	19%	48 Equal monthly installments, 11 installments outstanding as at 31 March 2011.	1,772,455	-	
		Finance charges			(596,319)	-	
Matara Medi House (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	2,741,900		Corporate gurantee of Asiri Hospitals PLC
	Commercial Bank of Ceylon PLC	Term loan	AWPLR+1%	83 Equal Monthly Installments of Rs.360,000 with final of Rs. 120,000 commencing from December 2010	28,560,000	-	Corporate gurantee of Asiri Hospitals PLC
	Union Bank	Finance lease	24%	48 Equal monthly installments for each leases of Rs. 71,867, 84,987 & 70,550	3,513,118	-	Absolute ownership of the machinery leased
		Finance charges			(494,708)	-	
Asiri Diagnostics Services (Pvt) Ltd	Sampath Bank	Term loan	AWPLR+1.5%	47 Equal monthly installments of Rs. 521,000/-each and final installment of Rs 513,000/-	13,017,000	-	Primary mortgage Bond for Rs.25 mn over the CT scanner

Company	Lending institution	Nature of facility	Interest rate	Repayment term	Outstanding balance		Security
					2011 Rs.	2010 Rs.	
Softlogic International (Pvt) Ltd Cont.	Bank of Ceylon	Term loan	AWPLR+3%	60 monthly installments with a 6 months grace period commencing from July 2009	59,200,000	78,360,000	(a) Personnel guarantee of Mr Ashok Pathirage  (b) Corporate guarantee of Softlogic Information Technologies(Pvt) Ltd. Formerly known as Softlogic Trading (Pvt) Ltd.  (c) Assignment over following company shares  1) Shares of Asiri Hospitals PLC held by Softlogic Holdings Ltd,(Nos 14,862,750) Softlogic Information Technologies (Pvt) Ltd, (Nos 1,754,290) Softlogic Communication (Pvt) Ltd,((Nos 1,960,460)  2) Shares of Asiri Surgical Hospital Ltd,held by Softlogic Holdings Ltd,(Nos 425,000)  3) Shares of Asiri Central Hospital PLC held by Softlogic Holdings Ltd, (Nos 239,788)
	Pan Asia Banking Corporation PLC	Finance lease		10th of each month commencing from December 2009	1,230,000	1,599,728	
	Peoples Leasing Finance PLC	Finance lease			4,980,000	10,109,711	
	Seylan Bank PLC	Finance lease			15,190,000	543,448	
		Finance charges			(4,082,051)	(2,138,995)	
Softlogic Communications (Pvt) Ltd	Commercial Bank of Ceylon PLC	Finance lease		48 months Installments	487,134	-	
	Seylan Bank	Finance lease		60 Monthly Installments	10,480,590	-	
		Finance charges			(2,461,830)		
	Commercial Bank of Ceylon PLC	Term loan	AWPLR +3%	33 monthly installments commencing from April 2009	-	155,295,117	
	DFCC Bank	Term loan	15%	Commencing from 2009		57,093,192	



## Notes to the Financial Statements

(Continued)

Company	Lending institution	Nature of facility	Interest rate	Repayment term	Outstanding balance		Security
					2011 Rs.	2010 Rs.	
Softlogic Furniture (Pvt) Ltd	Commercial Bank of Ceylon PLC	Finance lease			-	1,314,706	
Softlogic Solar (Pvt) Ltd	Seylan Bank PLC	Term loan	8.00%	83 Monthly installments commencing from October 2010	15,045,042	30,330,650	Rs. 45 mn corporate guarantee of Softlogic Holdings Limited
	Seylan Bank PLC	Finance lease			-	39,070	
Softlogic Finance PLC	DFCC Bank	Term loan	14.00%	48 Equal monthly installments commencing from September 2010	19,270,833	-	
	DFCC Bank	Term loan	14.00%	48 Equal monthly installments commencing from January 2011	47,916,666	-	
	Hatton National Bank PLC	Term loan	13.31%	36 Equal monthly installments commencing from April 2010	33,344,000	-	Hire purchase and finance lease receivables
	Commercial Bank of Ceylon PLC	Term loan	12.29%	48 Equal monthly installments commencing from May 2009	15,625,000	-	
	Seylan Bank PLC	Term loan	11.85%	48 Equal monthly installments commencing from November 2010	22,395,850	-	
	National Savings Bank	Term loan	12.25%	6 Biannual installments of Rs. 20 mn each of Rs. 20 mn each commencing from June 2011	120,000,000	-	
		Securitisation	19.79%	Within a period of 24 commencing from July 2009	13,319,310	-	
		Securitisation	15.70%	Within a period of 24 commencing from November 2009	27,795,000	-	
		Securitisation	13.87%	Within a period of 30 commencing from March 2010	104,421,000	-	
		Securitisation	13.42%	Within a period of 24 commencing from May 2010	65,072,090	-	Hire purchase and finance lease receivables
		Securitisation	13.39%	Within a period of 36 commencing from June 2010	167,572,910	-	
		Securitisation	12.66%	Within a period of 48 commencing from October 2010	252,120,000	-	
		Securitisation	13.50%	Within a period of 48 commencing from February 2011	279,541,796	-	
		Securitisation	12.75%	Within a period of 48 Commencing from April 2011	384,047,540	-	
	DFCC Bank	Finance lease			12,831,606	-	
		Finance charges			(2,993,879)	-	
	Central Bank of Sri Lanka	Susahana loan			2,442,856	-	

Company	Lending institution	Nature of facility	Interest rate	Repayment term	Outstanding balance		Security
					2011 Rs.	2010 Rs.	
Asiri Hospital Holdings PLC	Bank of Ceylon	Term loan	10.5%	48 monthly installments commencing from September 2007	9,375,000	-	a) Concurrent mortgage over land marked lot L, land called Ambagahawatta together with the fixed machinery bearing assessment No 181, Kirula Road, Colombo 05 b) Rs.30mn Corporate guarantee primum Asiri Surgicals Hospitals PLC
	Commercial Bank of Ceylon PLC	Term loan	PLR + 1%	60 monthly installments Commencing from 08 September 2011	17,669,000	-	Mortgage bond over CT machine at Jaffna lab
	Hatton National Bank PLC	Term loan	AWPLR + 1%	60 monthly installments commencing from July 2004	123,318,000	-	Registered primary floating mortgage bond for Rs. 200 mn over the leased hold commercial property at no 21, Kirimandala Mawatha, Colombo 05. (Asiri Surgical Hospital PLC)
	Commercial Bank of Ceylon PLC	Term loan	PLR + 0.5%	48 monthly installments commencing from January 2011	75,000,000	-	Secondary mortgage over property at No 181, Kirula Road, Colombo 05
	DFCC Bank	Term loan	AWPLR + 0.75%	36 monthly installments Commencing from January 2008	99,999,972	-	Assignment of 134,915,107 ordinary shares of Asiri Surgical Hospital PLC held by Asiri Hospital Holdings PLC in favour of DFCC Bank
	Amana Bank	Term loan	AWPLR	60 monthly installments commencing from October 2011	150,000,000	-	Rs. 150 mn corporate guarantee from Asiri Surgical Hospitals PLC
	NTB Bank PLC	Term loan	AWPLR + 1%	60 monthly installments commencing from October 2010	137,500,000	-	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	20,000,000	-	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	150,000,000	-	Concurrent mortgage over land marked lot L, land called Ambagahawatta bearing assessment no 181, Kirula Road, Colombo 05



## Notes to the Financial Statements

(Continued)

Company	Lending institution	Nature of facility	Interest rate	Repayment term	Outstanding balance		Security
					2011 Rs.	2010 Rs.	
Asiri Hospital Matara (Pvt) Ltd	Sampath Bank PLC	Medium term loan	10%	First installment at Rs. 1,250,000 and balance 23 installments at Rs 1,250,000 commencing from 01/04/2010	15,000,000	-	Hospital premises at No. 26, Esplanade Road, Uyanwatta, Matara & no.15 and Dharmarathna Mawatha, Uyanwatta, Matara owned by Matara Medi House (Pvt) Ltd
	Sampath Bank PLC	Term loan	AWPLR+1.5%	First installment at Rs. 2,051,941 and balance 59 installments at Rs 3,330,000 commencing from 01/03/2011	197,948,058	-	
					6,384,629,612	1,387,690,608	

## 22.1 Details of short term borrowings

Company	Lending institution	Nature of facility	Outstanding balance	
			2011 Rs.	2010 Rs.
Softlogic Holdings Ltd	Waldock Mackenzie Limited	Margin trading loan	44,274,474	38,428,347
	Union Bank of Colombo Ltd	Short term loan	97,020,000	100,000,000
	Seylan Bank PLC	Special loan	-	55,028,202
	Seylan Bank PLC	Term loan	250,000,000	-
	Hatton National Bank PLC	Term loan	375,000,000	-
	Hatton National Bank PLC	Term loan	1,400,000,000	-
	Sampath Bank PLC	Term loan	650,000,000	-
	Sampath Bank PLC	Term loan	586,994,600	-
	Sampath Bank PLC	Term loan	287,455,808	-
			3,690,744,882	193,456,549
Future Automobiles (Pvt) Ltd	Commercial Bank of Ceylon PLC	Import term loan	19,641,926	-
Softlogic Information Technologies (Pvt) Ltd	Hatton National Bank PLC	Import loan	169,830,177	59,138,648
	Hatton National Bank PLC	Import loan	-	375,000,000
	Commercial Bank of Ceylon PLC	Import loan	43,122,836	29,640,997
	Pan Asia Bank Corporation PLC	Money market loan	50,000,000	-
	Pan Asia Bank Corporation PLC	Term loan	-	14,582,382
	Seylan Bank PLC	Special loan	145,267,900	-
	Peoples Bank	Import loan	-	2,439,719
	Nations Trust bank	Import loan	21,712,000	-
	Sampath Bank PLC	Money market loan	52,000,000	-
Uniwalkers (Pvt) Ltd	Asia Assets (Pvt) Ltd	Term loan	-	18,487,725
	Commercial Bank of Ceylon PLC	Import loan	352,831,803	143,552,869
	DFCC Bank	Money market loan	113,500,000	-
	DFCC Bank	Import loan	73,738,095	-
	National Development Bank PLC	Import loan	109,848,896	-
	National Development Bank PLC	Money market loan	30,000,000	-
	Seylan Bank PLC	Import loan	38,133,000	57,526,000
	Hatton National Bank PLC	Import loan	74,255,000	48,165,300
	Sampath Bank PLC	Import loan	187,441,450	61,504,761
	PABC Bank PLC	Import loan	1,619,000	-
	JKH EPF Fund	Term loan	50,000,000	-
Softlogic International (Pvt) Ltd	Seylan Bank PLC	Special loan	117,726,200	-
Softlogic Communication (Pvt.) Ltd	Seylan Bank PLC	Import loan	101,261,000	183,576,500
	Hatton National Bank PLC	Import loan	293,406,906	168,770,750
	National Development Bank PLC	Import loan	440,538,120	297,994,748
	Standard Chartered Bank	Import loan	-	66,918,287
	National Development Bank PLC	Money market loan	50,000,000	75,000,000
	Sampath Bank PLC	Import loan	327,020,679	-
	Sampath Bank PLC	Money market loan	30,000,000	-
	Commercial Bank of Ceylon PLC	Import Loan	252,188,066	-
	City Bank		146,690,940	-
	DFCC Bank	Import loan	74,956,666	-
SoftLogic Furniture (Pvt) Ltd	DFCC Bank	Import loan	-	3,291,757
Softlogic Computers (Pvt) Ltd	DFCC Vardana Bank	Import loan	-	21,630,624
	Hatton National Bank PLC	Import loan	-	4,285,892



## Notes to the Financial Statements

(Continued)

Company	Lending institution	Nature of facility	Outstanding balance	
			2011 Rs.	2010 Rs
Softlogic Solar (Pvt) Ltd	DFCC Bank	Term loan	375,000	-
Asiri Central Hospitals PLC	Sampath Bank PLC	Syndication loan	190,000,000	-
	Commercial Bank of Ceylon PLC	Syndication loan	150,000,000	-
	Bank of Ceylon	Syndication loan	130,000,000	-
	National Savings Bank	Syndication loan	130,000,000	-
	Hatton National Bank PLC	Syndication loan	100,000,000	-
	Natioanl Development Bank PLC	Syndication loan	25,000,000	-
Asiri Surgical Hospital PLC	Commercial Bank of Ceylon PLC	Term loan	100,000,000	-
	Hatton National Bank PLC	Term loan	50,000,000	-
	Pan Asia Banking Corporation PLC	Term loan	48,608,810	-
Asiri Hospital Holdings PLC	Sampath Bank PLC	Term loan	755,000,000	-
	Commercial Bank of Ceylon PLC	Term loan	100,000,000	-
	Hatton National Bank PLC	Import loan	30,000,000	-
	National Development Bank PLC	Term loan	50,000,000	-
Softlogic Capital Ltd		Promissory notes	22,000,000	-
		Commercial papers	30,621,640	-
Softlogic Finance PLC		Promissary notes	72,550,549	-
		Commercial papers	315,512,950	-
Softlogic Credit Ltd		Promissory notes	449,220,526	-
The Central Hospital (Pvt) Ltd	Sampath Bank PLC	Term loan	150,000,000	-
	Pan Asia Banking Corporation PLC	Term loan	150,000,000	-
	Sampath Bank PLC	Term loan	52,000,000	-
			10,158,365,017	1,824,963,510

## Notes

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# Notice of Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Softlogic Holdings PLC will be held at the Auditorium of Sri Lanka Foundation Institute, No. 100, Independence Square, Colombo 7 on Friday the 23rd day of September 2011 at 3.00 p.m. for the following purposes:

- 1) To receive and consider the Annual Report of the Board of Directors and Financial Statements of the Company and of the Group for the year ended 31st March 2011 together with the Report of the Auditors thereon.
- 2) To re-elect Mr. H K Kaimal who retires by rotation in terms of Article 87 of the Articles of Association of the Company, as a Director.
- 3) To re-elect Mr. R J Perera who retires by rotation in terms of Article 87 of the Articles of Association of the Company, as a Director.
- 4) To re-elect Mr. G W D H U Gunawardena who retires by rotation in terms of Article 87 of the Articles of Association of the Company, as a Director.
- 5) To re-elect Deshamanya P D Rodrigo who retires in terms of Article 94 of the Articles of Association of the Company, as a Director.
- 6) To re-elect Mr. W M P L De Alwis who retires in terms of Article 94 of the Articles of Association of the Company, as a Director.
- 7) To re-appoint the retiring Auditors, Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorize the Directors to determine their remuneration.
- 8) Special Business
  - I. To authorize the Directors to determine and make donations for the year ending 31st March 2012 and up to the date of the next Annual General Meeting.

By Order of the Board

SECRETARIES & REGISTRARS (PRIVATE) LIMITED

(Sgd.)

**SECRETARIES**

22 August 2011

## Note:

A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy who need not be a member, to attend instead of him/her.

A form of Proxy is enclosed in this Report.

The completed form of Proxy should be deposited at the Office of the Secretaries of the Company, Messrs Secretaries & Registrars (Private) Limited, No. 32 A, Sir Mohamed Macan Markar Mawatha, Colombo 03 by 3.00 p.m. on Wednesday the 21st day of September 2011 being forty eight (48) hours before the time appointed for the holding of the meeting.

## IMPORTANT NOTICE TO SHAREHOLDERS

PLEASE NOTE THAT THE SHAREHOLDERS IN POSSESSION OF SHARE CERTIFICATE/S [I.E. SHAREHOLDERS WHOSE SHARES ARE NOT LODGED WITH THE CENTRAL DEPOSITORY SYSTEMS (PRIVATE) LIMITED (CDS)] ARE KINDLY REQUESTED TO LODGE THEIR SHARE CERTIFICATES WITH THE CDS BEFORE 31ST OF DECEMBER 2011 AS PER THE CIRCULAR NO. 13/2010 ISSUED BY THE CDS.



# Form of Proxy

\*I/We ..... of .....  
 ..... being \*a member/ members of SOFTLOGIC HOLDINGS PLC,  
 do hereby appoint .....  
 ..... of ..... (whom failing)

Mr A K Pathirage	of Colombo	(whom failing)
Mr G W D H U Gunawardena	of Colombo	(whom failing)
Mr R J Perera	of Colombo	(whom failing)
Mr H K Kaimal	of Colombo	(whom failing)
Mr S A B Rajapaksa	of Colombo	(whom failing)
Mr M P R Rassool	of Colombo	(whom failing)
Dr S Selliah	of Colombo	(whom failing)
Deshamanya P D Rodrigo	of Colombo	(whom failing)
Mr W M P L De Alwis	of Colombo	

as \*my/our Proxy to represent \*me/us and to speak and vote for \*me/us on \*my/our behalf at the ANNUAL GENERAL MEETING OF THE COMPANY to be held at the Auditorium of Sri Lanka Foundation Institute, No. 100, Independence Square, Colombo 7 at 3.00 p.m. on the 23rd day of September 2011 and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

	FOR	AGAINST
1) To receive and consider the Annual Report of the Board of Directors and the Financial Statements of the Company and of the Group for the year ended 31st March 2011 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2) To re-elect Mr. H K Kaimal who retires by rotation in terms of Article 87 of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3) To re-elect Mr. R J Perera who retires by rotation in terms of Article 87 of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4) To re-elect Mr. G W D H U Gunawardena who retires by rotation in terms of Article 87 of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5) To re-elect Deshamanya P D Rodrigo who retires in terms of Article 94 of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
6) To re-elect Mr. W M P L De Alwis who retires in terms of Article 94 of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
7) To re-appoint Messrs Ernst & Young, as Auditors and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
8) Special Business		
I. To authorize the Directors to determine and make Donations	<input type="checkbox"/>	<input type="checkbox"/>

.....  
 \*Signature/s

## Note:

- 1) \*Please delete the inappropriate words.
- 2) Instructions as to completion are noted on the reverse hereof.



## Form of Proxy

(Continued)

### INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy after filling in legibly your full name and address and signing in the space provided and filling in the date of signature.
2. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy who need not be a member, to attend and vote instead of him. Please indicate with an "X" in the boxes provided how your Proxy is to vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.
3. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy for registration, if such power of attorney has not already been registered with the Company.
4. In the case of a Corporate Member, the Form of Proxy must be executed in the manner prescribed by the Articles of Association.
5. The completed Form of Proxy should be deposited at the Office of the Secretaries of Company, Messrs Secretaries & Registrars (Private) Limited No. 32 A, Sir Mohamed Macan Markar Mawatha, Colombo 03 by 3.00 p.m. on Wednesday the 21 day of September 2011 being forty eight (48) hours before the time appointed for the holding of the meeting.

Please provide the following details:

Shareholder's N.I.C./ Passport/ Company Registration No	Shareholder's Folio No.	Number of shares held	Proxy Holder's N.I.C. No. (if not a Director)



# Corporate Information

**Name of Company**

Softlogic Holdings PLC (subsequent to the listing of shares at the Colombo Stock Exchange the name of the Company was changed to Softlogic Holdings PLC with effect from 25th of August 2011)

**Legal Form**

Public Limited Liability Company  
Incorporated in Sri Lanka in 1998  
Ordinary Shares listed on the Diri Savi Board of the Colombo Stock exchange

**Registration Number**

PV 1536 PB/PQ

**Registered Address**

No.14 De Fonseka Place,  
Colombo 05

**Board of Directors**

A K Pathirage – Chairman/Managing Director  
G W D H U Gunawardena  
R J Perera  
H K Kaimal  
M P R Rasool  
S A B Rajapaksa  
Dr. S Selliah  
Deshamanya P D Rodrigo  
P L De Alwis

**Audit Committee**

Deshamanya P D Rodrigo – Chairman  
Dr. S Selliah  
P L De Alwis

**Remuneration Committee**

P L De Alwis  
Deshamanya P D Rodrigo

**Bankers**

Sampath Bank PLC  
Commercial Bank PLC  
Hatton National Bank PLC  
Seylan Bank PLC  
National Development Bank PLC  
Citibank NA  
Nations Trust Bank PLC  
DFCC Bank PLC  
Bank of Ceylon  
Union Bank Colombo PLC  
Pan Asia Banking Corporation

**Auditors of the Entity**

Ernst & Young  
No. 201, De Saram Place,  
Colombo 10

**Lawyers to the Entity**

Nithya Partners, Attorneys-at-Law  
No.97 A, Galle Road,  
Colombo 3

**Secretaries to the Entity**

Secretaries & Registrars (Pvt) Ltd  
No.32A, 1st Floor, Sir Mohamed  
Macan Makar Mawatha,  
Colombo 3

