SOFTLOGIC HOLDINGS PLC

ANNUAL REPORT 2021/22

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OUR VISION
OUR CREDO

To be the most preferred and ubiquitous product and service provider.

OUR VISION

OUR CREDO

To make responsible investment decisions and retain the best people to become the most admired corporate entity.

The information contained herein refers to the reporting year from 01 April 2021 to 31st March 2022, unless otherwise specified.

FINANCIAL HIGHLIGHTS

For the year ended 31 March		2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Earnings Highlights											
Group Revenue	Rs. Mn	**111,229**	82,621	76,722	75,143	66,019	58,882	54,600	39,564	29,246	25,351
Gross Profit	Rs. Mn	**37,370**	25,408	27,044	27,636	23,673	19,579	18,559	14,117	11,012	8,983
Earnings Before Interest, Tax, Depreciation & Amortisation of Intangibles	Rs. Mn	**13,995**	8,196	9,807	11,721	11,695	8,451	7,897	6,398	5,025	4,227
Group Earnings Before Interest & Taxation	Rs. Mn	**10,167**	4,539	6,462	8,859	9,052	6,391	6,082	4,959	3,918	3,208
Group Earnings Before Taxation	Rs. Mn	**(3,561)**	(3,811)	(2,899)	1,743	3,092	1,581	2,836	2,266	1,258	453
Group Earnings After Taxation	Rs. Mn	**(5,278)**	(4,008)	(3,181)	2,990	2,278	920	1,870	1,819	1,009	153
Total Comprehensive Income Net of Taxation	Rs. Mn	**(3,090)**	(2,739)	(2,272)	3,127	2,827	1,793	2,859	2,160	1,237	2,077
Group Earnings Attributable to Equity Holders	Rs. Mn	**(8,171)**	(5,227)	(4,724)	105	204	120	565	556	156	(371)
Group Comprehensive Income Attributable to Equity Holders	Rs. Mn	**(7,142)**	(4,307)	(4,096)	353	450	783	1,829	761	220	557
Gross Profit Margin	%	**34**	31	35	37	36	33	34	36	38	35
Net Profit Margin	%	**(4.74)**	(4.85)	(4.15)	3.98	3.45	1.56	3.43	5	3.5	1
Earnings/ (Loss) Per Share	Rs.	**(6.85)**	(4.38)	(3.96)	0.09	0.25	0.15	0.73	0.72	0.2	(0.44)
Dividends	Rs. Mn	**-**	-	596	596	503	387	194	-	120	234
Return on Capital Employed*	%	**9.73**	4.80	6.58	9.78	11.02	9.42	9.81	8.37	8.73	8.76
Balance Sheet Highlights											
Total Assets	Rs. Mn	**188,705**	161,834	149,551	130,670	118,823	100,915	93,152	87,324	65,863	53,836
Current Ratio	No. of times	**0.57**	0.71	0.74	0.83	0.93	0.94	0.84	1.04	0.9	0.8
Asset Turnover	No. of times	**0.59**	0.51	0.51	0.58	0.56	0.61	0.61	0.45	0.4	0.5
Total Interest Bearing Borrowings	Rs. Mn	**98,946**	82,585	79,669	65,788	61,227	52,255	46,480	43,906	31,518	23,037
Shareholders' Funds	Rs. Mn	**(8,434)**	(415)	3,911	14,343	11,591	8,547	8,159	7,336	6,802	7,288
Net Asset Value Per Share	Rs.	**(7.07)**	(0.35)	3.28	12.23	14.05	11.04	10.54	9.47	8.7	9.4
Total Equity	Rs. Mn	**5,597**	12,006	16,129	24,839	20,917	15,623	15,531	15,356	13,351	13,568
Debt : Equity **	No. of times	**17.68**	6.88	4.94	2.65	2.93	3.34	2.99	2.86	2.4	1.7
Debt : Total Assets	No. of times	**0.5**	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4
Operating Cash Flow	Rs. Mn	**9,146**	17,126	9,009	1,556	(106)	2,331	3,432	426	1,775	1,777
Capital Expenditure	Rs. Mn	**3,534**	3,153	7,637	5,743	4,524	6,311	5,252	4,438	3,604	2,271
Cash Earnings Per Share	Rs.	**7.67**	14.36	7.55	1.33	(0.13)	3.01	4.43	0.5	2.3	2.3
Investor Information											
Market Price as at 31 March	Rs.	**37.60**	11.8	12.3	16	24.6	11.9	13.3	13.2	10.6	10.4
Shares in Issue	Mn	**1,193**	1,193	1,193	1,193	962	779	779	779	779	779
Market Capitalisation as at 31 March	Rs. Mn	**44,857**	14,072	14,668	19,081	23,659	9,270	10,205	10,283	8,257	8,102
52-Week Market Share Price High	Rs.	**90.00**	15.3	17	25.8	26.2	15.5	18	20.4	12.7	13.3
52-Week Market Share Price Low	Rs.	**10.40**	9.8	11	15.9	11.7	11.7	12.3	10.3	8.1	9.4
Price to Book Value	No. of times	**-**	-	3.7	1.3	1.7	1.01	1.1	1.4	1.5	1.4
Enterprise Value	Rs. Mn	**134,679**	89,076	90,611	81,672	78,733	58,730	53,677	52,263	38,014	29,816
Enterprise Value : EBITDA	No. of times	**9.62**	10.87	9.24	6.97	6.73	7.19	6.6	8.2	7.6	7.1
Dividend Per Share	Rs.	**-**	-	0.5	0.5	0.65	0.5	0.25	-	0.16	0.3
Dividend Payout Ratio	No. of times	**-**	-	(0.53)	(0.89)	0.14	0.38	0.19	-	(5.13)	0.67

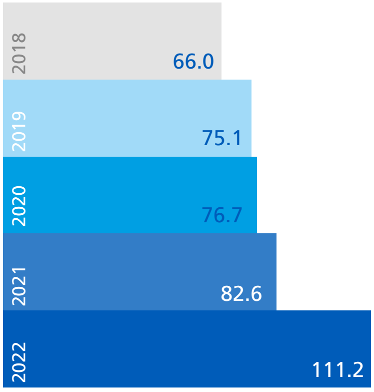
* *Return on Capital Employed calculated as a percentage of EBIT to Total Capital Employed (Equity plus Interest Bearing Borrowings).*
** *Debt to Equity calculated based on Total Equity Capital.*

OPERATIONAL HIGHLIGHTS

Group Revenue

Rs. Bn

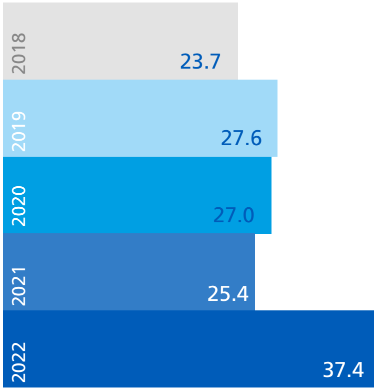
111.2



Group Gross Profit

Rs. Bn

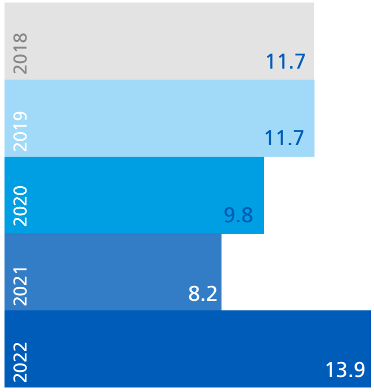
37.4



Group EBITDA

Rs. Bn

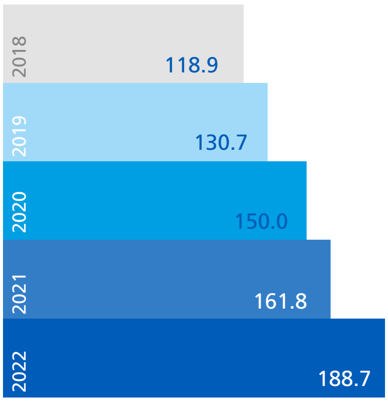
13.9



Total Assets

Rs. Bn

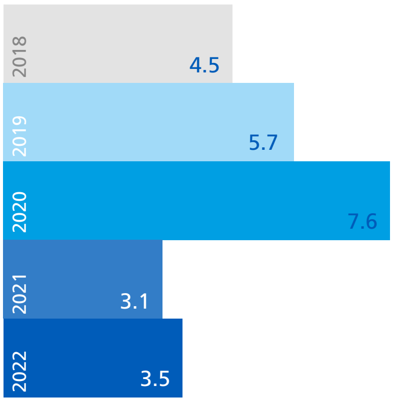
188.7



Capital Expenditure

Rs. Bn

3.5



ABOUT THE GROUP

As one of Sri Lanka's leading conglomerates, Softlogic Holdings PLC extends to its customers a range of products and services that enable broader customer base to access a host of renowned brands from across the globe, particularly in retail, telecommunication and information technology. The Group has firmly cemented its place in the forefront of the nation's retail, telecommunications, healthcare and financial services sectors, while offering best-in-class solutions in leisure and automobiles.

- A balanced portfolio of international and local private brands built on a reputation of quality and trust.
- A multi-channel distribution strategy strengthened by an extensive island-wide network that enables customer convenience and accessibility to one of the nation's largest consumer bases.
- Strong synergies and partnerships that oil the wheels of strong operations and unmatched capabilities.
- An entrepreneurial and agile operating model that positions the Group as a dynamic, ambitious, and long-term oriented entity.

RETAIL

- One of the market leaders in mobile phone distribution with a portfolio of top international brands such as Samsung, and Nokia.
- One of the largest retailers of consumer electronics, offering a multi-brand, multi-product proposition.
- Largest fashion retailer, representing over 100 international fashion brands in addition to housing self-owned brands. Also operates the country's leading fashion department stores -- ODEL and Cotton Collection.
- One of Sri Lanka's largest restaurant brand owners, operating five international franchise brands catering to diverse customer segments including Burger King, Popeyes, Baskin Robbins, Délifrance and Crystal Jade.
- Presence in modern trade through the GLOMARK supermarket chain

HEALTHCARE SERVICES

- Asiri Health is the largest private healthcare provider operating 800+ beds in 7 hospitals across three provinces
- Leader in medical diagnostics offering a comprehensive range of tests through its primary laboratory, 6 hospital laboratories, 17 satellite laboratories and 70 collection centres across the island.
- With commitment to quality and safety at the core of its ethos, all the 7 hospitals meet a global accreditation standard of Joint Commission International (JCI) or Australian Council of Health Standards International (ACHSI), for quality and patient safety.

FINANCIAL SERVICES

- Softlogic Life Insurance PLC – Sri Lanka's second largest life insurer
- Softlogic Finance PLC – a licensed finance company
- Softlogic Stockbrokers – a licensed stockbroker
- Softlogic Invest – an independent asset management company

LEISURE & PROPERTY

- Two hotel properties – The 5-star city hotel, Mövenpick Hotel Colombo; The 4-star resort in Bentota, Centara Ceysands Resort & Spa.
- Softlogic Destination Management specialising in outbound travel
- Sabre- online ticketing platform.

AUTOMOBILES

- Future Automobiles is the authorised dealer for Ford vehicles in Sri Lanka.
- Softlogic Automobiles is the authorised dealer for King Long buses.
- State-of-the-art collision repair centre.

INFORMATION TECHNOLOGY & OTHERS

- A leading provider of ICT solutions, offering an array of services along the IT value chain including end-user computing, back-end data centres, advanced infrastructure, IT security, imaging, and printing to managed services. Provides centralised management and consultancy services across the organisation.
- Represents world-class brands such as Dell EMC, Microsoft, Cisco, Lenovo, Huawei, HP imaging systems, Checkpoint, VMware, Whale Cloud McAfee, and Epson among others.

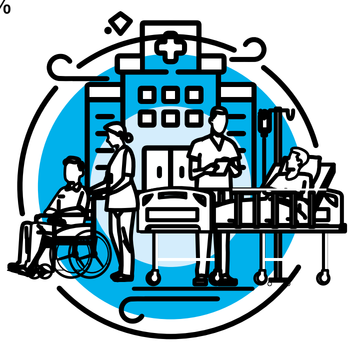
OUR BUSINESSES

RETAIL

100%

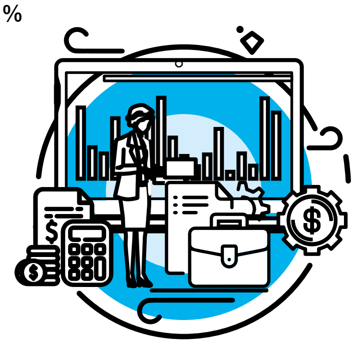
HEALTHCARE SERVICES

55%



FINANCIAL SERVICES

77%



Core Verticals

Softlogic Retail Holdings (Pvt) Ltd

- Softlogic Retail (Pvt) Ltd
  - Suzuki Motors Lanka Ltd
  - SML Holdings (Pvt) Ltd
  - Dai-Nishi Securities (Pvt) Ltd
- Odel PLC
  - Softlogic Brands (Pvt) Ltd
  - Odel Lanka (Pvt) Ltd
  - Odel Apparels (Pvt) Ltd
  - Odel Properties (Pvt) Ltd
  - Odel Information Technology Services (Pvt) Ltd
  - Odel Properties One (Pvt) Ltd
  - Odel Restaurants (Pvt) Ltd
  - Cotton Collection (Pvt) Ltd
  - Odel Apparel Holdings (Pvt) Ltd
    - Odel Apparel Lanka (Pvt) Ltd
- Softlogic Mobile Distribution (Pvt) Ltd
  - Softlogic Communications (Pvt) Ltd
- Softlogic Communication Services (Pvt) Ltd
- Softlogic International (Pvt) Ltd
- Softlogic Restaurants (Pvt) Ltd
  - Softlogic JSM Entertainment (Pvt) Ltd
  - Silk Route Foods (Pvt) Ltd
  - Softlogic Healthy Concepts (Pvt) Ltd
- Softlogic Retail One (Pvt) Ltd
- Softlogic Supermarkets (Pvt) Ltd
- Softlogic Rewards (Pvt) Ltd
- Softlogic Pharmaceuticals (Pvt) Ltd
- Softlogic Manufacturing (Pvt) Ltd
- Softlogic Ventures (Pvt) Ltd

Asiri Hospital Holdings PLC

- Softlogic Venture (Pvt) Ltd
- Asiri Surgical Hospital PLC
  - Asiri AOI Cancer Centre (Pvt) Ltd
- Central Hospital Ltd
- Asiri Central Hospitals Ltd
- Asiri Diagnostics Services (Pvt) Ltd
- Asiri Hospital Matara (Pvt) Ltd
- Digital Health (Pvt) Ltd
- Asiri Laboratories (Pvt) Ltd
- Asiri Hospital Galle (Pvt) Ltd
- Asiri Diagnostic Services (Asia) Pte Ltd
- Asiri Port City Hospital (Pvt) Ltd
- Asiri Academy of Health Sciences (Pvt) Ltd

Softlogic Capital PLC

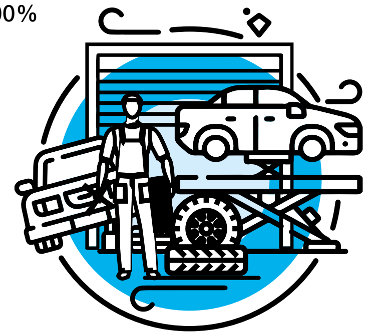
- Softlogic Life Insurance PLC
- Softlogic Finance PLC
- Softlogic Stockbrokers (Pvt) Ltd
- Softlogic Asset Management (Pvt) Ltd

LEISURE & PROPERTY

100%

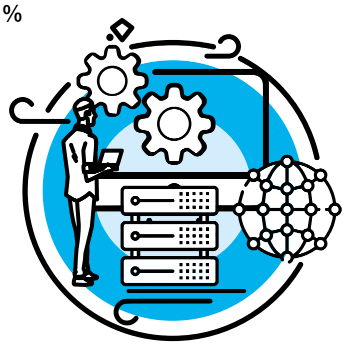
AUTOMOBILES

100%



INFORMATION TECHNOLOGY & OTHERS

100%



Non-core Verticals

Softlogic Properties (Pvt) Ltd

- Softlogic City Hotels (Pvt) Ltd
- Ceysand Resorts Ltd
- Softlogic Destination Management (Pvt) Ltd
- Sabre Travel Network Lanka (Pvt) Ltd (Associate Company)

- Future Automobiles (Pvt) Ltd
- Softlogic Automobiles (Pvt) Ltd

- Softlogic Information Technologies (Pvt) Ltd
- Softlogic Computers (Pvt) Ltd
- Softlogic Australia (Pty) Ltd
- Softlogic BPO Services (Pvt) Ltd
- Nextage (Pvt) Ltd (Associate Company)
- Softlogic Corporate Services (Pvt) Ltd
- Jendo Innovations (Pvt) Ltd (Associate Company)
- Softlogic Healthcare Holdings Ltd
- Softlogic Solar (Pvt) Ltd
- Softlogic Investments (Pvt) Ltd

MESSAGE FROM THE CHAIRMAN

Dear Shareholders

Softlogic Holdings PLC's performance for the 2021/22 financial year was fraught with mixed results.

The year under review was largely characterised by disruptive and challenging macroeconomic conditions.

The year was attended by persistent demand shortfalls, low footfall and supply-chain challenges stemming from the fallout of COVID-19. This led to demand compression aggravating performance further. Subsequently, the sudden depreciation of the rupee further impaired business confidence and sent shock waves across the economy where the Group came under a cloud of uncertainty. The sequel to this was the sovereign default announced in April 2022.

Despite the Group's performance which was strong in two core verticals – Healthcare Services and Financial Services -- the Retail sector sustained some punishing setbacks. One-off FOREX losses and stock write-offs compelling a complete overhaul of the provisioning policy and, on top of this, the unprecedented interest rate hike resulted in a year in which substantial losses were incurred. This, in turn, adversely affected consolidated performance.

The erosion of confidence in Sri Lanka by investors, the cessation of tourist activities and the apathy of overseas workers to remit their earnings led to the USD crisis;

Rs.188.7Bn

Total Assets

Rs.111.2Bn

Total Revenue

the subsequent imposition of foreign exchange controls by the Central Bank of Sri Lanka banning import items and imposing costly margin requirements, even for permitted non-essential imports -- further blighted Group objectives. Consumer Electronics and Durable Goods, Mobile Phones and Branded Apparel were affected the most.

Softlogic Group has long been synonymous with quality and trust, offering an unmatched customer value proposition. In the wake of this global pandemic, leaving its costly scars compelling the immediate review and the implementation of radical structural changes, and more importantly, a credible debt reduction plan to enhance the Group as a strong enterprise is urgently being undertaken.

To this effect, there is no doubt that the Group will be looking into streamlining its operations and deleveraging itself to stay ahead of the curve. We have, therefore, decided to shed unproductive assets, review the internal operating processes and make some painful decisions to enhance liquidity and strengthen the financial standing of the Group. We have thus closed down low yielding showrooms and rebalanced our portfolio investments in key sectors with a view to halt the erosion of capital and return the Group to profitability.

Investments in key areas are being progressed in anticipation of an economic recovery and a credible debt reduction strategy. At the same time, to add value to the promising sectors of the Group, we will not be averse to reduce our stake in any one of our subsidiaries should opportunities arise to make the Group more agile to face the uncertain future. We are thereby committed to create value in our portfolio and will also look offshore for investment opportunities given the persisting economic crisis in the country.

FUTURE OUTLOOK

With IMF approving its bail out package for Sri Lanka the macroeconomic levers have changed positively with the LKR witnessing a slight recovery while the interest rates in the market has begun to rapidly ease. Nonetheless, policy rates of Central Bank are in line with inflation targeting and are expected to ease when cost-push inflation reduces once imports become cheaper. Currently, tourism and worker repatriation of salaries have been encouraging with more USD liquidity seen in banks. Business confidence is therefore expected to rise with investment opportunities becoming more visible. In these circumstances, the Group is expected to see its borrowing cost reduce significantly while working fiercely toward a more stable revenue generating model.

ACKNOWLEDGMENTS

During these extraordinary times of difficulty, I would like to take this opportunity to recognise the Board of Directors, Senior Management and the Softlogic team for their continued dedication and efforts to steer the Group out of these formidable challenges. Finally, I wish to thank you, our valued stakeholders for your continued trust in Softlogic. As we face the prospects of the emerging progress in the economy, we are confident that the Group will see a strong uptick in performance in the ensuing years given a more benign interest rate regime and a strong shift in the macroeconomic circumstances, both locally and globally.

Ashok Pathirage
Chairman

20th November 2023
Colombo

11,453
Employees across 6 Sectors

BOARD OF DIRECTORS

We remain steadfast and future-focused, ensuring unparalleled wealth creation for all their stakeholders through innovative solutions founded on trust and stability.

ASHOK PATHIRAGE
Chairman/Managing Director

HEMANTHA GUNAWARDENA
Executive Director

HARESH KAIMAL
Executive Director

RANJAN PERERA
Executive Director

ROSHAN RASSOOL
Executive Director

PROF. AJANTHA DHARMASIRI
Non-Executive Independent Director

AARON RUSSELL - DAVISON
Non-Executive Non-Independent Director

NIHAL KEKULAWELA
Non-Executive Independent Director

SHIRISH SARAF
Non-Executive Director

CHETAN GUPTA
Alternate to Mr. Shirish Saraf

BOARD OF DIRECTORS

ASHOK PATHIRAGE

Chairman/ Managing Director

Mr. Ashok Pathirage, recognised as a visionary leader of Sri Lanka's corporate world, is the founding member and Chairman/Managing Director of Softlogic Group, one of Sri Lanka's leading conglomerates. He manages over 50 companies with a pragmatic vision providing employment to more than 11,000 employees. Mr. Pathirage manages and gives strategic direction to the Group which has a leading market presence in six three core verticals, namely Retail, Healthcare Services and Financial Services and in three non-core verticals namely IT, Leisure & Automobiles.

Asiri Hospital chain is the country's leading private healthcare provider which has achieved technological milestones in medical innovation and reliability in Sri Lanka's private healthcare services.

Softlogic Holdings PLC, Softlogic Capital PLC, Softlogic Life Insurance PLC, Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC and Odel PLC where he serves as Chairman/Managing Director are listed companies in the Colombo Stock Exchange.

Mr. Pathirage is the Chairman of NDB Capital Holdings Ltd. and he serves as the Chairman of Sri Lankan Airlines Limited an airline where the Government of Sri Lanka is the principle shareholder. He is also the Chairman of Sri Lankan Catering Limited.

HEMANTHA GUNAWARDENA

Executive Director

Mr. Hemantha Gunawardena is one of the co-founders of Softlogic Group and has served as a Board Director since inception. He has extensive experience in the field of IT and counts over 30 years in the business field. He was heading the software team at a leading Sri Lankan Blue Chip prior to joining Softlogic. He presently overlooks the software operations in Softlogic Australia (Pvt) Ltd. and the Automobiles sector, while serving as an Executive Director of Softlogic BPO Services (Pvt) Ltd.

HARESH KAIMAL

Executive Director

Mr. Haresh Kaimal is a Co-founder of Softlogic Group and a Director since its inception. With over 3 decades of experience in IT and Operations, he heads the Group IT division which oversees the entire Group requirements in information technology covering all sectors. He is also an Executive Director of Softlogic BPO Services (Pvt) Ltd, Director of Odel PLC, Softlogic Finance PLC, Softlogic Life Insurance PLC and many other Group Companies.

RANJAN PERERA

Executive Director

Mr. Ranjan Perera is a Co-founder of Softlogic and is an Executive Director since its inception and also holds many Board Directorships in subsidiaries of Softlogic Group. He is the sector Head of the Group's Mobile Phone Operations and Managing Director of Softlogic International (Pvt) Ltd. With an extensive knowledge in Senior Managerial positions and having over two decades of experience in the telecommunication field, he handles world renowned brands in the mobile industry. He also contributes to the Retail sector of the Softlogic Group and is heading the Softlogic Consumer Electronics Dealer Business and also the FMCG Channel, Higher Purchase Division and the Service Centre Operations. He is the Managing Director of Lifeline Pharmaceuticals (Pvt) Ltd and having vast experience in the area of Supply Chain Management & Logistics, he Heads the Group's Logistics and Warehouse Operations.

ROSHAN RASSOOL

Executive Director

Mr. Roshan Rassool joined Softlogic in 1995 and was appointed to the Board in 2009. He is the Director/CEO of the Computing Systems & Systems Integration Solutions Division of Softlogic Information Technologies (Pvt) Ltd., which has business partnerships with Dell Corporation, Apple Computers, Lenovo, CISCO, EMC storage systems, Microsoft, HP imaging products and VMware. He was appointed as a member of Dell South Asia Partner Advisory Council in 2011. He served as Chairman of Infotel Lanka in 2006/2007 and was President of the Sri Lanka Computer Vendors Association at the same time. He was also Chairman of the Federation of Information Technology Industries, Sri Lanka in 2007. He holds an MBA from the University of East London and is a doctoral student at the University of Kelaniya. He is also an Associate Member of the Association of Business Executives and a Member of the Cyprus Institute of Marketing. He has over 30 years of experience behind him in the ICT industry having worked in senior managerial positions in reputed companies.

PROF. AJANTHA DHARMASIRI

Non-Executive Independent Director

Prof. Ajantha Dharmasiri was appointed to the Board in 2016 as a Non Executive Independent Director. Prof. Dharmasiri currently serves as a Professor in Management, having completed his term as the Chairman / Director of the Board of Management of the Postgraduate Institute of Management, University of Sri Jayewardenepura. He was a Past President of the Chartered Institute of Personnel Management (CIPM), Sri Lanka and was a Vice President of the Asia Pacific Federation of Human Resource Management (APFHRM). He also serves as an Adjunct Professor at the Price College of Business, University of Oklahoma, USA. He holds a Ph.D. and an MBA from the Postgraduate Institute of Management and a B.Sc. in Electrical Engineering from the University of Moratuwa. He has a rare combination of being a Chartered Electrical Engineer, Chartered Manager (being a Fellow of the Chartered Institute of Management, UK) and a Chartered HR professional. He has three decades of both private and public sector experience including stints at Unilever and Nestle, and is a sought after conference speaker, corporate trainer, strategy consultant, acclaimed author and an accomplished academic.

AARON RUSSELL - DAVISON

Non-Executive Non Independent Director

Mr. Aaron Russell-Davison joined the Board of Softlogic in 2016. With over twenty years of banking experience, he was most recently the Global Head of Debt Capital Markets for Standard Chartered Bank, Singapore. Mr. Russell Davison has held a series of other senior investment banking positions in Hong Kong, Singapore and London during his career. He graduated from the University of Western Australia in 1991 with a Bachelor of Arts in Asian History and Politics. Mr. Russell - Davison was served as a Non - Executive Chairman at Softlogic Finance PLC. He is also a Non-Executive Independent Director at Amana Bank PLC.

NIHAL KEKULAWELA

Non-Executive Independent Director

Mr. Kekulawala counts over thirty years in the banking profession and was appointed as a Director in January 2019. He has held senior positions at Hatton National Bank PLC and played a strategic role in the diversification of HNB from Commercial Banking to Investment Banking, venture capital, stock brokering and life/ general insurance. Mr. Kekulawala served as the lead consultant and was responsible for setting up a Commercial Banking Operation in the Solomon Islands. He functioned as the inaugural CEO of the bank. He presently serves on the Board of several public companies. Mr. Kekulawala is a Fellow member of the Institute of Chartered Accountants England and Wales, and Sri Lanka, Fellow member of the Chartered Institute of Bankers, England and has an MBA from the University of Manchester.

SHIRISH SARAF

Non-Executive Director

Mr. Shirish Saraf joined the Board of Softlogic in April 2018 as the nominee Director of Samena Ceylon Holdings Ltd. Mr. Saraf has more than 28 years of private equity experience and is the Founder and Vice Chairman of Samena Capital. He is recognised as one of Asia's 25 most influential people in Private Equity (Asian Investor magazine) and is currently the Investment Manager and Head of the Investment Committee of the Samena Special Situations Funds. Mr. Saraf has held numerous directorships and leadership positions across Samena's portfolio companies including Dynamatic Technologies, Tejas Networks and RAK Ceramics PJSC amongst others. He has previously held board directorships including Aramex Holdings, Commercial Bank of Oman SAOG, EFG, Hermes, and Amwal Capital. Mr. Saraf was educated at Charterhouse (England) and the London School of Economics.

CHETAN GUPTA

Alternate to Mr. Shirish Saraf

Mr. Chetan Gupta is the Managing Director of Samena Capital Investments Ltd in Dubai, focusing on investments within the Special Situations Funds. Mr. Gupta is a member of the Board of Directors of U-Gro Capital Ltd (India), Imperial Hotels (Pvt) Ltd (India) and RAK Logistics (Singapore). He is also a member of the Investment Committee of the Special Situations Funds. Prior to joining Samena Capital, Mr. Gupta was an equity research analyst at Tricolour India Funds and previously was a part of the General Atlantic Financial Management Leadership Programme. Mr. Gupta is a Chartered Financial Analyst (AIMR), Chartered Alternative Investment Analyst and holds a Masters in Management (Finance) from the University of Mumbai.

CORPORATE GOVERNANCE

As a respected conglomerate, we are committed to create an entity that is insightful, impactful and accountable for success and efficiency to generate a significant amount of growth and performance.

The fundamental relationship between the Board, Management, Shareholders and other Stakeholders are established by our governance structure.

Corporate Governance (CG) is a framework of rules and practices by which an organisation is directed, controlled and managed. The CG framework provides an overview of the Corporate Governance structures, principles, policies and practices of the Board of Directors of Softlogic Holdings PLC (SHL). At Softlogic, the approach to CG is guided by ethical culture, stewardship, accountability, independence, continuous improvement, oversight of strategy and risk. The fundamental relationship between the Board, Management, Shareholders and other Stakeholders are established by our governance structure, through which the ethical values and corporate objectives are set and plans for achieving those objectives and monitoring performances are determined. To serve the interests of shareholders and other stakeholders, the Company's Corporate Governance system is subject to ongoing review, assessment and improvement. The Board of Directors proactively adopts good governance policies and practices designed to align the interests of the Board and Management with those of shareholders and other stakeholders and to promote the highest standards of ethical behaviour and risk management at every level of the organisation.

BOARD OF DIRECTORS

The Board of Directors are responsible for setting the strategic direction of the Group, safeguarding assets, managing risks and setting the tone at the top. They have set in place governance frameworks to facilitate achievement of strategic goals and compliance with regulatory frameworks while balancing stakeholder interests. Composition of the Board is set out graphically on the previous page while profiles of the Directors as at date are given on pages 12 to 13 Directors provide annual declarations of their independence in accordance with the stipulations of the Listing Rules of the CSE and the guidelines of the Code of Best Practice. Board balance is facilitated with five Non-Executive Directors as at 31st March 2022 and as at date represented four Non-Executive Directors who are reputed leaders in their fields of expertise out of whom four are Independent as at 31st March 2022 and as at date three Directors continue to serve as Independent Directors. A sufficiency of financial acumen within the Board is assured with the presence of three Directors who are experienced accounting and finance professionals. The skills, experience and standing of the individual Board members ensures sufficient deliberation on matters set before the Board and exercise of independent judgement. Directors can also seek independent professional advice when deemed necessary, for which the expenses are borne by the Group.

The role of the Board is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls facilitating effective risk management. They are collectively responsible for the following:

- Providing strategic direction and establishing performance objectives to monitor the achievement of strategic goals
- Establishing an effective management team
- Establishing appropriate systems of corporate governance in the Group
- Ensuring the adequacy and effectiveness of internal controls, Code of Business Conduct and other policies to facilitate regulatory compliance and risk management.

SKILLS OF THE BOARD

- Entrepreneurship
- Marketing
- Legal & HR
- Medical
- Accounting & Finance
- Banking

COMPOSITION OF THE BOARD

softlogic

1 EXECUTIVE CHAIRMAN

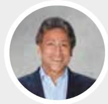

Ashok Pathirage

4 INDEPENDENT DIRECTORS*


Prasantha Lal De Alwis, PC*


Prof. Ajantha Dharmasiri


Nihal Kekulawela


Shirish Saraf

1 NON INDEPENDENT NON EXECUTIVE DIRECTOR


Aaron Russell - Davison

4 EXECUTIVE DIRECTORS


Hemantha Gunawardena


Haresh Kaimal


Ranjan Perera


Roshan Rassool

1 ALTERNATE DIRECTOR


Chetan Gupta

**Dr. S. Selliah (Resigned w.e.f 24/10/2022) & Mr. Prashantha Lal De Alwis (Resigned w.e.f 15/06/2023)*

SOFTLOGIC HOLDINGS PLC

Shareholders

Board of Directors

Group Chairman/ Managing Director

Group Support Functions

Audit Committee

HR & Remuneration Committee

Related Party Transactions Review Committee

Sectors

Sector Heads

Subsidiary Companies

Board of Directors

CEO

Management Team

CORPORATE GOVERNANCE

GOVERNANCE FRAMEWORK

External

- Companies Act No. 07 of 2007
- Listing Rules of the Colombo Stock Exchange
- Code of Best Practice on Corporate Governance issued by the SEC and ICASL

Internal

- Articles of Association
- Terms of References for Board Sub Committees
- Comprehensive framework of policies, systems and procedures

Governance Systems

- Stakeholder engagement and management
- Strategic planning
- Risk management
- Regulatory compliance
- People management
- Internal controls
- Internal and external audit

COMMITTEES OF THE BOARD

The Board is supported by the following committees which facilitate effective discharge of its responsibilities. Minutes of the sub-committee meetings are circulated to the Board ensuring awareness of the activities of the sub-committees by all Board members.

GOVERNANCE OF THE BOARD SUB COMMITTEES

Sub-Committee	Composition	Mandate
Audit Committee	Mr. J.D.N. Kekulawala - *Chairman* Dr. S. Selliah *(Resigned w.e.f.24/10/2022)* Prof. A.S. Dharmasiri Mr. W.M.P.L. De Alwis, PC *(Resigned w.e.f.15/06/2023)*	Responsible for ensuring the integrity of the Company's and Group's financial statements, appropriateness of accounting policies and effectiveness of internal control over financial reporting.
HR & Remuneration Committee	Prof. A.S. Dharmasiri – *Chairman* Mr. W.M.P.L. De Alwis, PC *(Resigned w.e.f.15/06/2023)* Mr. J.D.N. Kekulawala	Responsible for determining remuneration policy and the terms of engagement and remuneration of the Chairman, the Board of Directors and the Executive Committees.
Related Party Transactions Review Committee	Mr. W.M.P.L. De Alwis, PC – *Chairman* *(Resigned w.e.f.15/06/2023)* Prof. A.S. Dharmasiri Mr. H.K. Kaimal	To assist the Board in reviewing all related party transactions carried out by the Company and its listed companies in the Group in terms of the CSE Listing Rule 9
Related Party Transactions Committee re-constituted on 19th June 2023 as follows:	Prof. A.S. Dharmasiri – *Chairman* Mr. Haresh Kaimal	

MEETINGS

The Board meets on a frequent basis and dates for Board meetings are determined and communicated in advance at the beginning of the year with additional meetings being scheduled whenever deemed necessary. Meeting agenda and relevant papers are circulated to all Directors within 7 days prior to the meeting providing sufficient time for review facilitating the conduct of an effective meeting. Attendance at Board meetings and Sub Committee meetings during the year under review is given below;.

Director	Mandate	Board Sub Committees		
		Audit Committee	HR & Remuneration Committee	Related Party Transactions Review Committee
Mr. A.K. Pathirage	4/4			
Mr. G.W.D.H.U. Gunawardene	4/4			
Mr. R.J. Perera	4/4			
Mr. H.K. Kaimal	4/4			4/4
Mr. M.P.R. Rassool	4/4			
Dr. S. Selliah *(Resigned w.e.f 24/10/2022)*	4/4	9/9		
Mr. W.M.P.L. De Alwis *(Resigned w.e.f 15/06/2023)*	4/4	9/9	1/1	4/4
Prof. A.S. Dharmasiri	4/4	9/9	1/1	4/4
Mr. A. Russell-Davison	2/4			
Mr. J.D.N. Kekulawela	4/4	9/9	1/1	
Mr. C.K. Gupta *(Alternate Dierctor to Mr. Shirish Saraf)*	4/4			

COMPANY SECRETARY

Messrs. Softlogic Corporate Services (Pvt) Ltd., function as Company Secretaries to the Group. The Company Secretaries provide guidance to the Board as a whole and to individual Directors with regard to discharging of responsibilities. The Company Secretaries facilitate and guide to ensure that the Board complies with the applicable rules, regulations and procedures and activities relating to the Board.

APPOINTMENT AND RE-ELECTION TO THE BOARD

- Directors are appointed by the Board in a structured and transparent manner.
- Appointments are made with due consideration given to the diversity of skills and experience within the Board.
- As per the Company's Articles of Association, three of the Directors shall retire from office at each Annual General Meeting and offer themselves for re-election.
- All Directors appointed during the year seek re-election at the subsequent AGM.
- The Managing Director is not subject to retirement by rotation.
- The following Directors thus retire and offer themselves for re-election:

  Mr. G.W.D.H.U. Gunawardene

  Mr. A Russell-Davison

  Prof. A.S. Dharmasiri

CHAIRMAN & MANAGING DIRECTOR

The roles of the Chairman and the Managing Director are combined in one person due to the diversity of the Group's business operations in line with a number of large diversified holding companies.

INVESTMENT APPRAISAL

The Group's diverse business portfolio is reviewed periodically to determine their appropriateness to the Groups long term business goals, risks and opportunities for growth. Consequently, investment and divestment decisions, acquisitions are key areas of focus for the Board with proposals reviewed for commercial viability, strategic alignment, operational, funding and risk implications. Systematic processes are in place to ensure the involvement of relevant persons when capital investment decisions are taken and numerous views are sought to ensure high quality decision making.

- Board Composition & Appointment
- Risk Management
- Funding Structure of Group
- Business Expansion
- Financial Reporting
- Performance Management

DIRECTORS' REMUNERATION

The Remuneration Committee makes recommendations to the Board on remuneration policy and remuneration of the Chairman and Managing Director, Executive Directors, Non-Executive Directors and Key Management Personnel in line with the business goals of the Company. Terms of Reference of this key sub-committee complies with the

CORPORATE GOVERNANCE

guidelines prescribed by the Code of Best Practice and other investor guidelines.

The Group's Remuneration policy is designed to attract and retain talent which comprises of fixed income and a variable income which is linked to their performance. Non-Executive Directors' remuneration comprises only a fixed fee and does not have any variable component. No Director is able to determine his/her own remuneration as Directors' Remuneration is a matter reserved for the Board as a whole with due consideration given to the recommendations of the Remuneration Committee of the Board.

The Report of Board Remuneration Committee is on page 53 provides further information. The aggregate remuneration paid to the Directors is disclosed in the Notes to the financial statements on page 110 of this Report.

SHAREHOLDER RELATIONS

Shareholder relations are managed through a structured process with multiple platforms facilitating shareholder engagement and timely dissemination of information. The Annual General Meeting is the key platform for engagement and notice of the AGM and all relevant documents are circulated among shareholders at least 15 working days prior to the AGM. The Chairman/ Managing Director and Board Directors and External Auditors attend the Annual General Meetings to respond to queries that may be raised by the shareholders. In addition to the AGM, shareholder engagement is also facilitated by the Group's investor relations department which maintains a continuous dialogue with shareholders through the dissemination of announcements on material developments and quarterly performance. They are also a point of clarification for shareholders.

ACCOUNTABILITY AND AUDIT

Board responsibilities include presenting a balanced assessment of the Group's financial performance, position and prospects on a quarterly and annual basis. This Annual Report has been prepared in discharge of this responsibility and includes the following declarations/ further information required by regulatory requirements and voluntary codes:

- Audited financial statements – pages 56 to 194
- Statement of Director's Responsibilities – page 54
- Annual Report of the Board of Directors on the Affairs of the Company – pages 48 to 50
- Management Discussion & Analysis – pages 20 to 47

The Audit Committee has oversight responsibility for monitoring and supervising financial processes to ensure integrity, accurate and timely financial reporting. It is also responsible for ensuring adequacy and effectiveness of the Internal Control and Risk Management processes and receives reports from Group Internal Audit and Group Risk Management in this regard. The Audit Committee comprises 4 Non-Executive Directors all of whom are Independent for the Financial year ended 31st March 2022. Further as at date the Audit Committee comprises 2 Non-executive Directors all of whom are Independent. The Chairman of the Audit Committee is a Finance professional with extensive experience in the relevant areas whose profile is given on page 13 The Terms of Reference of the Audit Committee complies with the recommendations of the Code of Best Practice on Board Audit Committees issued by ICASL and guidelines stipulated by the SEC.

The Audit Committee is responsible for approving the terms of engagement of the external auditors including audit fees. The principal auditor has not provided any services which are stipulated as restricted by the SEC and the audit fees and non-audit fees paid by the Company to its auditors are separately disclosed on page 110 of the Notes to the financial statements.

The Board holds overall responsibility for determining the Group's risk appetite and implementing sound risk management and internal control systems to ensure that risk exposures are maintained within defined parameters. The Group's internal control systems are aimed at safeguarding shareholders investments and effectively managing risks that may impact the achievement of its strategic objectives. A discussion on the Company's key risk exposures and mitigation mechanisms are given in the Risk Management Report on page 20 of this Report. The Audit Committee annually reviews the effectiveness of the Group's risk and internal control systems.

A formalised whistle-blowing policy is in place enabling employees to raise concerns anonymously on unethical behaviour, breach of regulations and/ or violations of the Group's Code of Conduct. Such complaints are investigated and addressed through a formalised procedure and brought to the notice of the Board, serving as an overriding control mechanism.

The Board Related Party Transactions Review Committee has been set up in compliance with guidelines stipulated by the CSE. Directors individually declare their relevant transactions with the Company and its subsidiaries on a quarterly basis. A formalised process is in place for identifying Related Party Transactions and avoiding conflicts of interest. All Related Party Transactions as defined by the applicable accounting standards are disclosed on Note 47 of the financial statements on pages 163 to 166 of this Report.

SHAREHOLDERS

All shareholders are encouraged to attend the Annual General Meeting of the Company and vote on the resolutions which form part of the agenda in accordance with matters reserved for shareholders. Extraordinary General Meetings are also called to inform shareholders on material developments that impact their interests and their consent is obtained for the same in accordance with the provisions of the Companies Act.

SUSTAINABILITY REPORTING

The Group continues its efforts to embed Sustainability in to its operations and report on how the Group manages risks stemming from economic, environmental and social factors. The Group's Annual Report is used as a platform to provide comprehensive sustainability communication to all stakeholders and this year we have enhanced the scope and coverage of our sustainability reporting by adopting a stakeholder value creation approach. Holistic sustainability reporting is a journey and we continue to improve the reports each year in discharging of our obligations.

COMPLIANCE WITH CORPORATE GOVERNANCE RULES OF THE CSE AS AT 31ST MARCH 2022

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

Section	Criteria	Status of Compliance	Disclosure Details
7.10.1 (a)	Non-executive Directors	Compliant	Out of 10 Directors 5 are Non-Executive Directors
7.10.2 (a)	Independent Directors	Compliant	There are 3 Independent Directors on the Board. All Non-Executive Directors have submitted the declaration with regard to their independence/ non-independence.
7.10.3	Disclosures relating to Directors	Compliant	The names of Independent Directors are disclosed in the Board profile presented on pages 12 to 13.
7.10.3 (a)	The names of Non-Executive Directors determined to be 'independent	Compliant	The Board has made a determination for the financial year as to the independence or non-independence of each non-executive director based on such declaration and other information made available to the Board. The names of Non-Executive Directors determined to be 'independent' are on page15.
7.10.3 (b)	In the event a Director does not qualify as 'independent' against any criteria set out in the Rules, however the Board is of the opinion that the Director is nevertheless 'independent', the Board shall specify the criteria not met and the basis for its determination	Compliant	Please refer Annual Report of the Board of Directors on the affairs of the Company on page 48 to 50.
7.10.3 (c)	Disclosures relating to Directors. A brief resumé of each Director should be included in the Annual Report including his/her area of expertise	Compliant	A brief profile of each Director is available in the Board profile presented on pages 12 and 13.
7.10.3 (d)	Appointment of new Directors. A brief resumé of any new Director appointed to the Board	-	Not applicable. This requirement is not applicable as there were no appointments to the Board during the year
7.10.5	Remuneration Committee	Compliant	Comprises 3 Independent Non-Executive Directors. The names of the members of the Committee are stated on page 53 of the Annual Report.
7.10.6	Audit Committee	Compliant	Comprises 3 Independent Non-Executive Directors. The names of the members of the Committee are stated on page 51 of the Annual Report. The report of the Committee is stated on page 51 The Group Finance Director attends all meetings.

RISK & OPPORTUNITIES

In order to remain resilient against a rapidly evolving and transforming risk landscape the Softlogic Group continued to assess and mitigate potential threats to business continuity. The Group constantly scans the operating environment, and engages in frequent communication with key stakeholders in order to remain cognisant of emerging trends and concerns.

Based on the above process, the following risks pertinent to the Group were determined:

Identified Risk	Impact and Implications	Mitigation Strategies
Health and Safety Risk	The COVID-19 pandemic posed threats to the health and safety of many key stakeholder groups, in addition to contributing towards the potential disruption of services. These impacts were experienced across the Group, but were particularly felt in the healthcare sector, while the leisure sector witnessed a depletion in demand.	Relying on stringent health and safety measures across the Group to ensure employee health and safety. Deploying digital capabilities to minimise physical connectivity and enhance virtual connectivity to protect employees and customers. Extending high levels of COVID care across all hospitals within the Group.
Economic Risk	Volatility experienced across local and global economies can influence both costs and returns, thereby negatively impacting profitability across the Group. The forex crisis and the associated energy crisis towards the close of the year posed threats to the bottom-line and business operations.	Engaging in cost optimisation and rationalisation measures across all sectors. Focusing on new avenues of growth and actively engaging in business continuity planning measures to derive innovative solutions to address any challenges in a cost-effective manner.
Demand Risk	Diminished purchasing power resulting in reduced demand and/or stock build-up, particularly in the retail sector. High levels of demand in sectors such as healthcare open to risks in terms of insufficient capacity and a shortfall of essential medical supplies.	Remaining responsive to demand dynamics, and capitalising on new opportunities and assessing the Group's portfolio to prioritise key growth areas. Relying on quality, trust and product differentiation to drive demand.
Political Risk	Ad-hoc policy changes such as import bans, product bans and tariff revisions hold the potential to impact business operations, particularly in the automobile and retail and telecommunication sectors. Political instability can lead to negative connotations in the international market. A resultant decline in tourism, reduced FDIs and strained international partnerships can arise.	Consistently monitoring regulations to ensure compliance. Seeking out new opportunities within at-risk sectors to ensure continuity. Relying on a balanced portfolio to insulate against risks to certain sectors. Continuously engaging and communicating with our partners to ensure our relationships are maintained.
Market Risk	Fluctuations in stock prices and interest rates have an impact on the financial services sector, particularly in terms of asset and liability portfolios. Similarly, due to certain sectors and their dependency on imports, volatile exchange rates can have an impact on profitability.	Prudent and proactive management of assets and liability portfolios. Seeking local manufacturing capabilities where pertinent.

RISK & OPPORTUNITIES

Identified Risk	Impact and Implications	Mitigation Strategies
Supply Chain Risk	The COVID-19 pandemic continued to disrupt global and local supply chains and logistics, thereby causing interminable delays, a shortfall of goods and significant operational constraints. The growing Russia-Ukraine conflict could further disrupt the supply chain, and drive down the availability of essential goods and services.	Exploring alternate sources of supply and relying on long-term partnerships and innovative strategies to enable continuity.
Liquidity & Funding Risk	Uncertainties and disruptions in the operating environment can impact funding and the entity's ability to meet short-term financial obligations.	Engaging in the careful management of cashflows and liquidity. A number of business sectors are cash businesses supported by healthy cashflows.
Human Resource Risk	The high levels of migration/resignation of skilled employees could impact service excellence and business continuity.	Reviewing the Group's reward and recognition schemes regularly to ensure that total remuneration remains attractive to facilitate talent retention.
Reputation Risk	Unforeseen circumstances leading to a negative brand reputation/image.	Enforcing a strong commitment to service excellence and quality across the Group.

The following opportunities were determined following an assessment of emerging trends and dynamics, and the Group responded accordingly:

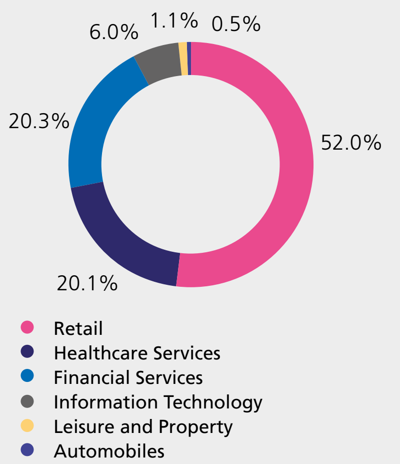
Trend:	**The rapid adoption of technology**	**A greater need for healthcare and protection**	**A need for resilience and financial stability**
Response:	Relying on technology and digitalisation to enable greater stakeholder convenience and efficiency across all business units, while ensuring connectivity even amid mobility restrictions.	Serving the nation with dedicated resources for COVID care, and extending life and health insurance solutions to customers.	Providing innovative financial products and services to cater to the evolving needs of customers. Redeploying staff in subdued sectors to high demand sectors, and engaging in cost optimisation.
Results:	Service Excellence and Customer Care		
	Business Resilience		

FINANCIAL REVIEW

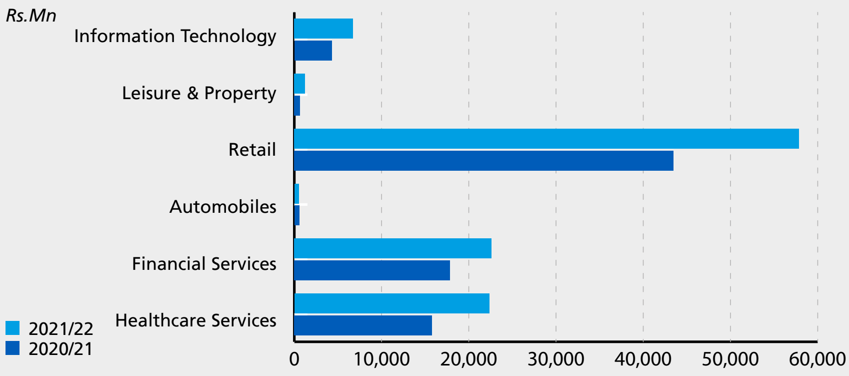
REVENUE

Consolidated revenue recorded a growth of 35% to Rs. 111.2 Bn, against the previous year's performance of Rs. 82.6 Bn. As in the past, the Retail sector constituted the largest contribution towards revenue at a rate of 52%, while the Financial and Healthcare Services recorded revenues of Rs. 22.6 Bn and Rs. 22.4 Bn respectively, thereby both collectively contributing towards 40% of the Group revenue during the year. With the exception of the Automobile sector which continued to be hampered by import constraints, the remainder of the Group's sectors recorded a strong performance growth, primarily owing to the emerging uptick in economic activity during the latter part of the year under review.

Sector Revenue Contribution



Sector Revenue



PROFITABILITY

Profitability was impacted by three key factors -- a sharp depreciation of the Rupee, unprecedented interest rate hikes, exchange rate losses due to extensions in supplier finance in USD and one-off write-offs due to the economic fallout on top of a shuddered economy which was shaken by Easter attacks in April 2019 and the constitutional crisis of October 2018.

Amidst the foregoing hyper-inflation and cost escalations, the Group's Gross Profit recorded an increase of 47% to Rs. 37.4 Bn as against Rs. 25.4 Bn recorded the previous year. This translates to a gross profit margin of 33.6% for the year compared to 30.8% the previous year. Group synergies and economies of scale stemming from its size and diversity vastly contributed to stringent cost control measures across the Group.

Group EBITDA grew 48% to Rs. 13.9 Bn during the year compared to Rs. 8.2 Bn in the corresponding year. Similarly, operating profit demonstrated a strong growth of 76% against the previous year to reach Rs. 10 Bn, against the previous year's Rs. 5.7 Bn.

Group's net finance cost increased 65% to Rs. 9 Bn primarily due to foreign exchange losses and beginning of unprecedented interest rate hikes. Tax expenses grew at exponential rates during the year, reaching Rs. 1.7 Bn following the strong performance of healthcare and financial services. The year closed with a loss of Rs. 5.3 Bn.

FINANCIAL REVIEW

FINANCIAL POSITION

Assets and Liabilities

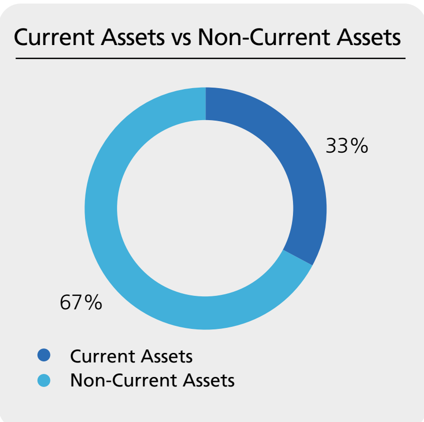
The Softlogic Group's total assets grew by 17% to reach Rs. 188.7 Bn, against the preceding year's asset base of Rs. 161.8 Bn, with non-current assets witnessing a growth of 22% to Rs.127.3 Bn, while current assets grew 6% Rs. 61.4 Bn.

Property, plant and equipment accounted for 32% of Group's total asset base, primarily representing the expansion of Group's retail footprint and network of hospitals. A capital expenditure of Rs. 3.5 Bn was incurred in respect of the acquisition of property, plant and equipment during the year. Total liabilities exhibited a growth of 22% against the previous year, reaching Rs.183 Bn.

Cashflow

The Group's liquidity position strengthened by the close of the financial year, with cash and cash equivalents growing 20% to Rs. 12.6 Bn in comparison to the Rs. 10.5 Bn recorded at the end of the preceding year.

Net cash inflows from operating activities stood at Rs. 9.1 Bn for the year. Net cash outflows from investing activities amounted to Rs. 11.7 Bn in comparison to the Rs. 11.4 Bn in the preceding year. The Group further recorded a net cash inflow from financing activities of Rs. 4.7 Bn, leading to an overall increase in cash and cash equivalents as at year end.



OUTLOOK

Given the anticipated IMF bailout package, the overall outlook for the Sri Lankan economy showed some light at the end of the tunnel. It is envisaged that as business confidence increases, opportunities for investment too will also emerge — and the Group will continue to remain responsive to optimise value creation and achieve sustainable growth when the economic KPIs reflect positively.

Going forward, the Group remains focused on reassessing and rationalising its investments, and will work towards restructuring its portfolio in order to remain agile and resilient against emerging changes in the macro-economic environment.

47% ↑
Gross Profit

76% ↑
Operating Profit

48% ↑
EBITDA

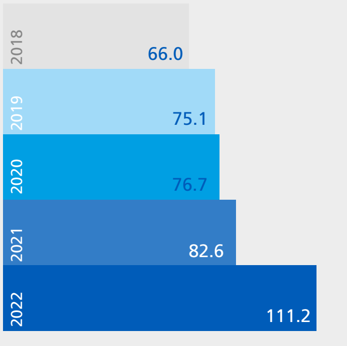
Rs.37.3Bn
Gross Profit
(Rs. 25.4 Bn in 2020/21)

Rs.10Bn
Operating Profit
(Rs. 5.7 Bn in 2020/21)

Group Revenue

Rs. Bn

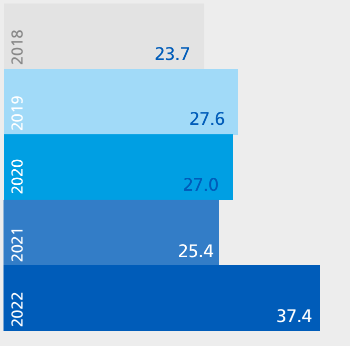
111.2



Group Gross Profit

Rs. Bn

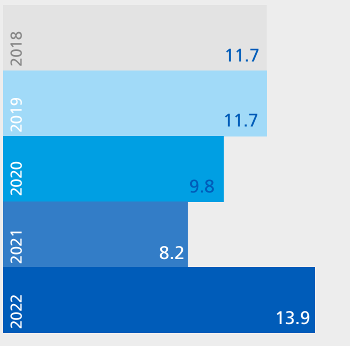
37.4



Group EBITDA

Rs. Bn

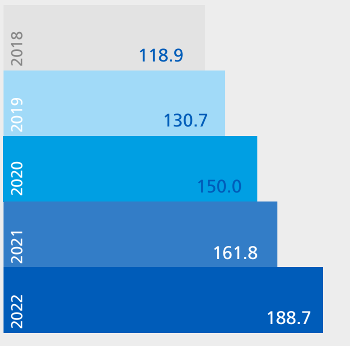
13.9



Total Assets

Rs. Bn

188.7



17% ↑

Total Assets

Rs.3.5Bn

Capital Expenditure

(Rs. 3.1 Bn in 2020/21)

Rs.12.6Bn

Cash and Cash Equivalents

(Rs. 10.5 Bn in 2020/21)

BUSINESS LINE REVIEWS

RETAIL & TELECOMMUNICATIONS

Softlogic is positioned as one of Sri Lanka's largest retailers with market leadership in mobile distribution and unmatched value proposition in consumer electronics, fashion apparel, modern trade and restaurants. Softlogic retains a competitive edge in the retail industry having longstanding partnerships with 100+ international brands, an island-wide geographical presence, a far-reaching distribution network as a result of which it owns one of the country's largest customer database.

OPERATING ENVIRONMENT

Following the effects of the pandemic, a greater demand was witnessed for telecommunications and digital devices. Higher levels of smartphone penetration and the continued spread of e-commerce to regions across the island had created an environment conducive for growth; however, conversely, the industry was largely impacted by losses due to steep rise in foreign exchange rates, in addition to experiencing supply chain constraints, inventory shortages, and a decline in consumer purchasing power. During the year, low levels of confidence was evident, particularly among overseas suppliers and local distributors, while the temporary suspension of imports and the appreciation of US Dollars led to increasing of prices across many product categories.

The telecommunications sector witnessed a surge in demand with the continued migration towards online platforms. Amid continued lockdowns, connectivity with customers was maintained via island-wide delivery and e-commerce channels. The sector maintained its distribution network throughout the year even amidst the pandemic, while ensuring in-demand product categories were made available to consumers. Despite a growth in revenue, the forex loss experienced towards the close of the year negatively impacted the sector's bottom-line.

Modern trade experienced significant disruptions following the re-emergence of the COVID-19 pandemic towards the second quarter. Irregularities in the supply chain were apparent, and delays were experienced in expansion due to unavailability of manpower and supplies. In the face of these challenges, Softlogic GLOMARK launched a new store in Thalawathugoda and continued on its digital journey to ensure business continuity amidst lockdowns. The supermarket chain's scale of operations and agile structures enabled the continued supply of goods despite a challenging environment. Furthermore, an omni-channel approach fed customer value proposition, driving greater levels of convenience and accessibility during lockdowns.

Branded apparel and fashion retailing experienced constraints due to continued lockdowns, import restrictions, a decline in local consumer and tourist spending. A greater focus on the domestic market and a range of promotional campaigns conducted via digital channels enabled the segment to mitigate the impact of the aforementioned trends.

An increased demand for digital products was evident during the year under review. In addition, the consumer segment focused on driving local sourcing while prioritising attractive high-demand products to ensure inventory. The sector was able to leverage on its reputation for quality and excellence to drive customer demand, while taking proactive measures to address working capital concerns, and engaging closely with global partners to enhance existing relationships.

Contribution to the Group

Rs.57.8 Bn
Revenue

Rs.2.2 Bn
EBITDA

Rs.53 Bn
Total Assets

3,555
Employees

The Quick Service Restaurant (QSR) business experienced a slowdown for the first half of the year due to pandemic-induced restrictions, however, upon a subsequent return to normalcy, a revenge surge in demand was witnessed. The QSR sector continued to expand its presence as a new Burger King outlet was opened in Kottawa. A continued focus on product and brand development took place throughout the year to encourage differentiation and derive a competitive advantage within the sector. The franchise for Popeyes™, the iconic global fried chicken brand with its roots in Louisiana USA, was obtained during the year with the customer reception to the two new Popeyes™ outlets in Mount Lavinia and Bambalapitiya far exceeding expectations.

The Group holds the exclusive distributorship of Suzuki motorcycles and spare parts & accessories in Sri Lanka, while holding the sole rights to distribute the Chinese motorcycle brand, Haojue. During the year, the restrictions on new vehicle imports severely curtailed operations in this regard.

A focus on constant engagement and communication with partners, principals and distributors was maintained across the sector to ensure high levels of transparency and trust.

As in the past years, the sector prioritised employee and customer health & safety across all operations; relying on digital platforms and stringent health measures to ensure continuity. A greater focus on service excellence and streamlined operations enabled the sector to rationalise costs and mitigate the impact on the bottom-line.

The sector leveraged its unique hypermarket experience to elevate customer propositions, with an overall value proposition that provides an extensive range of brands supported by an omni-channel presence and cross-selling opportunities.

PERFORMANCE

The retail and telecommunications sector was successful in recording a 33% growth in revenue to Rs. 57.8 Bn. The sector recorded a 58% growth in EBITDA to Rs. 2.2 Bn during the year. Sector assets grew 16% to Rs. 53 Bn during the year.

OUTLOOK

The sector's prospects was challenged due to the import restrictions, global supply chain constraints, foreign exchange crisis, low tourism and other economic woes. Rising levels of inflation and decline in consumer purchasing power impacted demand while difficulties in supply of goods and services essential to the sector requires prudent management.

Opportunities

- Growth in e-commerce and digitalisation across all levels of society.
- The opportunity to capture the domestic market.
- Opportunities for local sourcing.
- Opportunities for sustainable renewable energy

Risks

- The shortage of foreign currency will pose challenges to the importation of essential goods.
- Import restrictions imposed on vehicles and luxury items.
- Volatile exchange rates & interest rates escalating inflation levels resulting in higher pricing structures, thereby impacting customer buying behaviour.

Our Approach

With a medium to long-term view, the sector will continue to expand its footprint with the opening of several outlets, and divert its focus towards local sourcing to provide opportunities for economic growth and ensure a continued supply of products and services. The sector will continue to streamline operations and optimise costs to improve profitability, while seeking out new avenues of progress in the near future.

78 Fashion Outlets

37 Quick Service Restaurants

12 Supermarkets

10 Mobile Phone Sales & Service Centres

1 Suzuki Sales & Service Centre

BUSINESS LINE REVIEWS

HEALTHCARE SERVICES

Asiri Health is the leading multi-specialty private hospital chain in Sri Lanka operating over 800 beds across seven hospitals in three provinces with over 1,700 consultants. It operates the country's largest private laboratory services offering a comprehensive range of tests with over 14,000 tests for a day at its main lab, 6 hospital labs, 17 satellite labs and 70 collection centres across the island. It employs, consults, and partners with some of the most dedicated, skilled, and experienced healthcare professionals in Sri Lanka and with top-notch global medical experts and hospitals. While strengthening hospital capacity, we invest in training & development to be on par with the international practices. Doctors and staff are proficient in operating cutting-edge medical equipment for purposes of diverse treatments.

OPERATING ENVIRONMENT

The pandemic continued to shape the healthcare industry's outlook for a greater part of the year. The industry faced an unprecedented demand for COVID-related care, with the government enabling the private sector to treat and care for patients infected with the virus towards the commencement of the year.

With the rollout of vaccines and the subsequent return to normalcy, the COVID-19 restrictions eased during the second half of the year, resulting in a greater footfall experienced across hospitals during the period under review.

The Asiri Group played a pivotal role in supporting Sri Lanka's battle against the pandemic, by offering the largest COVID bed capacity within the nation's private healthcare sector. A collective in-house capacity of 75 beds and 30 ICU beds were dedicated to COVID patients across the hospital's network. In addition, the group managed 6 Intermediary Covid Care Center's with an offering of over 600 beds at the height of the pandemic.

Asiri Surgical Hospital was awarded the exclusive contract to conduct PCR testing for departing passengers at the Bandaranaike International Airport (BIA). Both Asiri Surgical Hospital and Asiri Central Hospital obtained the necessary approvals to set up drive-through PCR testing units and launch Mobile PCR testing facilities.

The long-awaited launch of the Asiri Nova IVF & Fertility Centre took place during the year, supported via a partnership between Asiri Medical Hospital and Nova IVF Fertility, India's leading chain of infertility (IVF) treatment centres, known for its high success rates attributable towards proven clinical research and ethical, transparent clinical practices.

The surgical capacity at Asiri Hospital Matara was expanded via investments in laminar flow operating theatres to support orthopaedic surgery. A range of new disciplines including dialysis, physiotherapy and chemotherapy were added to the hospital's portfolio of healthcare solutions. Construction of a brand new ward comprising 12 luxury rooms was commenced and is scheduled to be commissioned by mid 2022.

The Asiri AOI Cancer Care Centre reaffirmed its status as the top cancer care facility in Sri Lanka, while implementing additional COVID protocols to guarantee the safety of its patients and to ensure their scheduled treatments could continue uninterrupted even amid the pandemic. Asiri AOI Cancer Center continued to operate throughout the year even during lockdowns and was greatly appreciated by its clientele.

Asiri Health increased its provision of intermediary care centers (ICC) and COVID treatment facilities with Asiri Central Hospital also dedicating a COVID ward and an advanced COVID ICU at its 220-bed facility. Asiri Central in conjunction with

Contribution to the Group

Rs.22.4 Bn
Revenue

Rs.7.2 Bn
EBITDA

Rs.38.6 Bn
Total Assets

5,158
Employees

Pegasus Reef Hotel set up a 100-bed ICC for COVID patients while also providing home quarantine services for COVID affected patients.

Asiri Hospital Galle continued to keep up with the other group hospital performance as consultation numbers, in-patient and surgeries recorded notable growth during the year. The surgical capacity at Asiri Hospital Galle expanded with the introduction of new disciplines including the neuro and orthopaedic surgeries and high-end laparoscopy procedures. The structural reinforcements to the main building was completed with upgrading of the ETU and ICU areas. In addition, new CT room was commissioned along with the construction of a new luxury patient wing.

Since Asiri Health's acquisition of Asiri Hospital Galle in 2018, investments have been made to transform the hospital on par with the Asiri's standards of technology and expertise. The ongoing renovation project at the hospital reached completion in December 2021. The refurbishment project included structural reinforcements to the main building, a brand-new façade and lobby area, in addition to a renovation of a major portion of the patient rooms, and the addition of a new luxury wing. The project further included the upgrade of the ETU and ICU facilities and the establishment of a new CT facility.

Asiri Hospital Kandy, operating the region's state-of-the-art centre for heartcare continued to dominate its Centre of Excellence for heartcare in the Central, Sabaragamuwa and North Central provinces. The neurosurgical unit was set up in 2021 and has continued to grow and contribute towards surgical care in the region. Ongoing capacity enhancements saw dialysis, urology and renal transplantation added to the hospital's suite of healthcare services. The digital mammogram was added to the hospital's repertoire of diagnostic services and became the first of its kind offered outside the region of Colombo.

In an ongoing effort to expand laboratory facilities, 5 new collections centres were opened during the year, bringing up the number of collection Asiri Center's to a total of 70 as at end-March 2022. Several new tests were introduced during the year to enhance the diagnostic suite especially in the areas of Immunohistochemistry and Cytogenetics

PERFORMANCE

Supported by a return to the new normal, the aforementioned strategies and capabilities enabled the healthcare sector to display a dominant role and resulted in an overall increase of footfall during the year. Higher OPD and surgical numbers were witnessed across all hospitals within the Group, with overall bed occupancy reaching an average of 60% year-around, thereby indicating a significant improvement in comparison to the previous year. Resultantly, sector revenue grew 41% to reach Rs. 22.4 Bn, against Rs. 15.8 Bn recorded in the previous year. Sector EBITDA recorded a growth of 74% to Rs. 7.2 Bn. The sector further achieved a 118% growth in profitability to close the year with profit after tax of Rs. 3.8 Bn.

OUTLOOK

Asiri Health has been steadfast in providing world-class integrated healthcare to patients with outcomes which are comparable to the best healthcare institutions in the world. Asiri Health has achieved several industry milestones driven by cutting-edge, innovative and high quality treatments in its specialty disciplines such as Cardiac Care, Cancer Care, Maternal & Child Health, Neurosciences and Internal Medicine. Asiri Heath will continue its relentless efforts to raise the bar in clinical excellence and patient care as we believe that integrated healthcare would play a defining role in the future.

Opportunities

- Opportunities to amplify group synergies and technological advancements for Asiri Health.
- Demographic changes including an ageing population and rising prevalence of NCDs continue to be an opportunity for the sector.
- An increasing focus on holistic wellness and health among the general public, leading to a greater demand for integrated healthcare solutions.
- Medical Tourism to enhance with development of Port City

Risks

- High inflation coupled with the decline in disposable income may lead to a potential decline in elective procedures, and patients seeking other alternatives.
- A shortage of talent/labour market owing to the continued migration of medical professionals overseas.
- Shortage of medical supplies due to lack of USD income

800+
Asiri Bed Strength

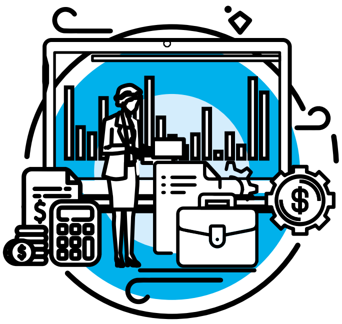
100+
COVID Beds

Rs.3.8 Bn
Profit After Tax

Rs.1.2 Bn
Capital Expenditure

BUSINESS LINE REVIEWS

FINANCIAL SERVICES



Softlogic's financial services sector offers a wealth of knowledge and capabilities encompassing life insurance, non-banking financial solutions, asset management and stockbroking services.

OPERATING ENVIRONMENT

The socio-economic impacts of the COVID-19 posed negative connotations towards the general public's financial stability and health. A greater demand for health-related financial products was witnessed; however, a diminished investor sentiment in the wake of the economic uncertainty, reduced income streams and the decreased policy rates affected financial services sector performance. The run-on effect from the moratorium imposed by Central Bank commencing from 2019 led to a slowdown in collections, which, combined with the restrictions on vehicle imports constrained the NBFI sector to a great extent. Relief for the sector largely came in the form of reduced interest expense that was in effect for the greater part of the year.

Softlogic Life paid out Rs. 1 Bn in COVID-related claims in 2021 and continued to offer a range of solutions designed to provide protection and coverage for the public amid uncertain times. A differentiated business model enabled the company's unique strategies to succeed, supported by its three channels, namely agency business, alternate channels and micro-mobile. The company built on these strengths during the year to improve productivity, efficiency, and performance during the year climbing up the market ladder to be the second largest life insurance provider in the country. In line with these developments, the company improved its one-day claim settlement ratio to 94%, in comparison to the rate of 86% recorded in the previous year. Softlogic Life further introduced its first-ever foreign currency insurance product, in order to cater the growing Sri Lankan workers overseas. During the year, three other products were launched, focusing on different market segments, namely, Family Protector Plan, Shakthi Plan, and the Ultimate Loan Protector Plan.

Softlogic Finance demonstrated resilience against challenging macroeconomic conditions. The company continued to optimise its product mix to drive secured lending products, while relying on technological capabilities to improve efficiency and customer service. The company made significant strides in the establishment of the new loan book, and successfully recorded a competitive NPL ratio on the same.

Softlogic Stockbrokers continued to focus on broad-basing the ownership of stocks and shares with a greater focus on retail markets. Synergies within the Group continued to strengthen performance, as the company pursued complementing opportunities within the sector, particularly with respect to the sector's asset management arm, Softlogic Invest.

Softlogic Invest has achieved several performance milestones since its launch in 2020. The company relied on technology to drive efficiency & reach and focused primarily on promoting its products to the emerging market of aspirational youth —

Contribution to the Group

Rs.22.6 Bn
Revenue

Rs.3.4 Bn
Operating Profit

Rs.68.1 Bn
Total Assets

1,523
Employees

a strategy that has enabled the company to achieve rapid growth in the short period since commencement.

The sector capitalised on technology to drive a proposition of virtual connectivity that supported customer convenience and streamlined operations, while ensuring health and safety standards were maintained among employees and consumers amid and the pandemic.

PERFORMANCE

Softlogic Life continued to emerge as the star performer, contributing significantly towards sector performance. As the second largest life insurer in the industry, the company accounts for nearly 16% of the market share. Softlogic Life achieved a growth of 25% in Gross written premium to Rs. Rs. 21.1 Bn and retained a profitability of Rs. 2.2 Bn, which is a 50% growth.

Softlogic Finance maintained a strong total capital adequacy ratio of 12.1% against the minimum regulatory requirement of 11%, establishing the strength and stability of the brand. Capital Funds to Deposit Liabilities ratio improved from 20.8% last year to 27.6% during financial year under review. This far exceeds regulatory minimum requirement of 10%. Despite the constraints faced by the NBFI sector, Softlogic Finance grew 113% to achieve a net leasing portfolio of approximately Rs. 11.3 Bn during the year. Net Interest margin improved from 2.6% to 5.8% during the year.

The overall sector performance was positive, underscored by a revenue of Rs. 22.6 Bn — a growth of 27%. A profit after tax of Rs. 1.1 Bn was achieved, marking a notable 154% increase over the previous year's performance.

OUTLOOK

By capitalising on Group synergies, company strengths and retaining its focus on growth, the sector will continue to drive value even amidst challenging conditions, while relying on a balanced portfolio to mitigate market impacts.

Opportunities

- The demand for life and health insurance-related products will continue to be in effect for the foreseeable future.
- Leveraging on the shift towards digitisation and innovation to improve efficiency, speed and performance.

Risks

- An increasing inflationary environment could erode income streams and drive down consumer consumer spending.
- The rapid increase of interest rates will pose challenges to the NBFI sector.

Our Approach

The sector hopes to retain its focus in terms of creating a differentiated approach towards financial services across the board. Our goal is to deliver unique value proposition for our customers, while seeking to expand our products and services across Sri Lanka and beyond.

24.50%
Growth in GWP

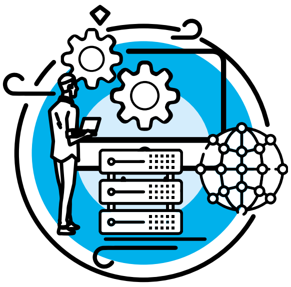
2nd
Largest Life Insurer

Rs.11.3 Bn
Leasing Portfolio

Rs.1.1 Bn
Profit After Tax

BUSINESS LINE REVIEWS

INFORMATION TECHNOLOGY & OTHERS



With over 30 years of expertise, the Group's IT sector offers a unique base of end-to-end cutting edge IT solutions, further reinforced by strong brand presence, longstanding partnerships with top global brands, and excellence in customer service.

OPERATING ENVIRONMENT

The restrictions imposed by the pandemic held positive connotations for the IT sector at large, with large-scale technology adoption witnessed across many industries. The subsequent need to modernise and upgrade infrastructure, while addressing key areas of cybersecurity and operational efficiency across many organisations which provided numerous opportunities for the sector.

In contrast, the economic instability faced towards the fourth quarter caused vulnerabilities for the sector, particularly led by the shortage of foreign reserves which hindered the ability to import IT apparatus. Diminished supplier confidence limited supplier credit which necessitated organisations to make upfront payments to ensure continued supply. The steep depreciation of the rupee further impacted performance during the year draining liquidity from the system. Furthermore, a global IT shortage was witnessed, resulting in extended lead times, which combined with shutdowns and travel restrictions prompted operational level challenges for the sector.

Against this backdrop, Softlogic's IT sector leveraged on its comprehensive range of edge-to-core solutions and its longstanding reputation to drive strong performance goals during the year.

As in the past year, strong customer engagement was maintained, and proactive strategies were deployed to ensure customer needs were consistently met.

Even amidst the COVID-19 restrictions, the IT sector remained dedicated to serving its client base, while taking the necessary precautionary measures in line with government-mandated guidelines.

Due to financial constraints and economic conditions, customers relied on Opex models rather than Capex models, thereby contributing towards improved business and profitability.

We further ventured into emerging areas of data analytics and artificial intelligence, digital identity solutions and IoT solutions, which have begun to display promising results, particularly with respect to the digital identity solutions, which is a niche market pertaining to smart cars and biometric solutions.

The sector is proud to note that the Driving License Project and the Sri Lanka Airforce project were awarded during the year.

We ventured into a partnership with Sri Lanka Telecom and global industry leader MicroStrategy to offer artificial intelligence as a service to our customers.

The sector notably ventured into new overseas markets, namely in Australia and the Middle East, and is currently in the process of executing a cybersecurity project in Australia.

Contribution to the Group

Rs.6.7 Bn
Revenue

Rs.1.1 Bn
EBITDA

Rs.5.4 Bn
Total Assets

652
Employees

PERFORMANCE

In view of the above strategies, the sector achieved a robust performance, both in terms of external brands and internal solutions. Despite strong demand being experienced on both fronts, the sector remained heavily weighed down by exchange rate losses. The IT sector achieved a 57% growth to reach a revenue of Rs. 6.7 Bn against the previous year's result of Rs. 4.3 Bn. Sector EBITDA grew 95% to Rs. 1.1 Bn during the year. Sector assets increased 57% to Rs. 5.4 Bn.

OUTLOOK

COVID-19 and the economic crisis have evidenced that technology represents continuity amidst adversity, while supporting economic growth and productivity. The rapid migration to advanced robotics & technology over the past few years is evident as many individuals and businesses seek greater gains to be achieved via technology-assisted productivity. Therefore, the outlook for the sector remains positive in the coming years.

19
Global Brands

Rs.945 Mn
Operating Profit

Opportunities

- A market for greater efficiency, security, connectivity and availability, offered through Voice over IT solutions, cybersecurity, analytics, and improved infrastructure
- The energy crisis and fuel shortage can lead to new opportunities for green IT, offering hybrid power to ensure data centres continue to run
- A greater demand for service contracts which will afford more opportunities for the sector

Risks

- Operational cutbacks and diminished consumer spending due to rising costs
- Impact of rising costs on the profitability of current and future projects in the pipeline
- Challenges in executing contracts due to reduced working capital if the economy does not stabilise in the near future

Our Approach

The sector will continue to develop and seek out unique propositions that will set us apart from our competitors, while pursuing lucrative opportunities in overseas markets, and rely on foresight and our inherent agility to insulate ourselves against and respond to emerging risks.

BUSINESS LINE REVIEWS

LEISURE AND PROPERTY

The sector comprises two global brands - Mövenpick Hotel Colombo and Centara Ceysands. Softlogic also operates Sabre, an online ticketing platform while outbound travel requirements are handled by Softlogic Destination Management

OPERATING ENVIRONMENT

Across the world, the leisure sector continued to be weighed down significantly by the COVID-19 pandemic and rising inflation levels. Underscored by similar trends, Sri Lanka's tourism industry too faced devastating consequences during the year under review. The Easter Sunday attacks in 2019 closely followed by the onset of the COVID-19 pandemic, resulted in the sector's prolonged exposure to disruptive dynamics, which had considerably weakened performance. Overall, recovery was hampered by a range of factors, including a reduced demand for leisure activities due to COVID-19 restrictions and safety concerns. An intermittent period of growth was evident from November to January; however, this remained short-lived, as the economic and political crisis witnessed towards the latter part of the year disrupted activities once more. The shortage of fuel, electricity and gas arising from the foreign exchange crisis gave rise to operational constraints, while the political uncertainty further fuelled the sector's lack of progress towards the close of the year. Furthermore, the sector experienced high levels of employee turnover, with the migration of many talented and skilled workers to other countries.

Centara Ceysands was converted into a COVID-19 intermediate care centre in order to offer valued services and resources to the general public in their times of need.

A greater focus on the domestic markets enabled the sector to remain resilient during the year. The sector continued to practice resource optimisation and adaptive marketing and pricing strategies to drive performance and ensure continuity.

Each hotel leveraged on its respective strengths to cater to the M.I.C.E. segment, particularly with respect to hosting weddings and conferences at their venues. In addition, the sector promoted its restaurants among local clientele to maintain activity and generate revenue.

Digitalisation continues to enable greater cost-efficiency, reach and connectivity in terms of marketing to potential clients.

With respect to the Group's property arm, Everest Apartments, situated in the heart of Colombo exhibited a positive performance, with 19 units sold out of 25. The valuation of apartment properties continued to escalate, and therefore greater revenue levels are anticipated in the forthcoming years.

Contribution to the Group

Rs.1.2 Bn
Revenue

Rs.21.7 Bn
Total Assets

508
Employees

PERFORMANCE

During the year, overall hotel occupancy remained below expectations owing to pandemic and economic woes. The leisure sector was severely impacted by the steep devaluation of the rupee, which in turn impeded financial performance due to USD-denominated loans in the books. The sector recorded a 89% growth in revenue to reach Rs. 1.2 Bn during the year under review. The rupee depreciation led the finance expenses to rise to Rs. 1.4 Bn from Rs. 599 Mn reported in the previous year. Sector assets grew 19% to Rs. 21.7 Bn.

OUTLOOK

Despite the political and economic crisis ensuring the steady supply of essential goods, the operating environment will slowly revert to normalcy. Furthermore, the rising inflation faced by many of the sector's traditional markets has curbed discretionary spending, thereby leading to a subdued performance in the immediate future.

Opportunities

- Markets emerging in relation to the M.I.C.E. segment, including corporate events, business travellers and policy officials.
- The opportunity to capture the domestic market.
- Rising property rates.

Risks

- The migration of the workforce to seek opportunities overseas.
- Rising inflation and pressures on disposable income in traditional source markets leading to a drop in demand.
- Imposition of VAT on real estate transactions.

Our Approach

The sector will seek proactive and adaptive strategies to ensure that more attractive and accessible markets are targeted to drive business continuity.

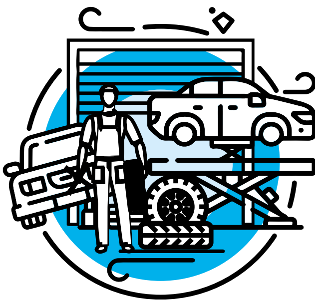
Rs.1.2 Bn
Revenue

219
Rooms
City Hotel
Mövenpick Hotel Colombo

165
Rooms
4-star resort
Centara Ceysands Resort & Spa

BUSINESS LINE REVIEWS

AUTOMOBILES



Softlogic is the authorised dealer for all Ford vehicles in Sri Lanka, and the nation's authorised dealer of King Long buses. The sector's state-of-the-art collision repair centre further festoons its value proposition.

OPERATING ENVIRONMENT

The challenging market dynamics that defined the automotive industry in the previous years further intensified during the year under review. The ongoing restrictions on the importation of new motor vehicles to Sri Lanka since the onset of the pandemic continued to negatively impact the sector performance, with conditions worsening following the ban on the importation of other automotive-related products and accessories including tyres, batteries and certain spare parts. Overall, the market was characterised by uncertainty and remained highly regulated. Also, the mobility restrictions which were in effect during the lockdown periods and the fuel crisis saw the sector experience a steep decline in service income.

The sector was successful in securing the opportunity to supply ambulances to the government in order to address the healthcare crisis that was evident for a greater part of the year.

The low level of demand for King Long buses continued alongside the decline in country's tourism. Therefore, service income from this segment experienced a downturn.

The sector's main focus remained on cost optimisation and improved debtor management practices, while engaging in job rotation to mitigate the longstanding negative impacts faced by the industry.

PERFORMANCE

Following the strained macroeconomic factors experienced during the year, the automobiles sector recorded a revenue of Rs. 504.2 Mn. Finance expenses recorded a notable decrease of 27% to Rs. 92.6 Mn. Sector assets were Rs. 477 Mn.

OUTLOOK

The prevailing market conditions are likely to remain unchanged for the foreseeable future, with a return to normalcy subject to the foreign exchange crisis being averted. In the interim, the Group will continue to remain vigilant and seek out opportunities as they arise in order to mitigate the impacts of the negative operating environment, while optimising costs across the board.

Contribution to the Group

Rs.504.2 Mn
Revenue

Rs.477 Mn
Total Assets

57
Employees

Opportunities

- An increased demand for ambulances.
- Leveraging on the shift towards digitisation and innovation to improve efficiency, speed and performance.

Risks

- The migration of skilled technicians to seek opportunities overseas.
- A continued policy on import restrictions.
- Decline in Government demand due to fiscal constraints.
- High levels of depreciation and volatile economic conditions.

Our Approach

The sector will continue to pursue opportunities in the Government tender market while rationalising operations to address liquidity concerns..

HUMAN CAPITAL

The primary challenge lay in understanding the concerns that employees faced both in their professional and personal lives, and the organisation implemented programmes encompassing health and safety measures to practice at workplace, and counselling sessions for employees.

RESPONSE TO COVID-19

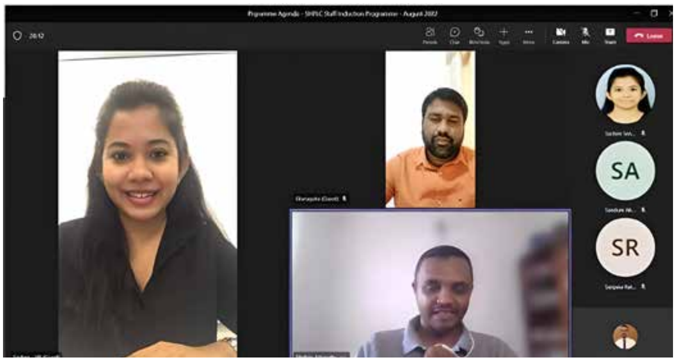
The COVID-19 pandemic caused unprecedented chaos and uncertainty among employers and employees alike — a state of affairs that impacted organisations across a significant period of 2020 and extended into the first two quarters of 2021. As a result, the Softlogic Group made arrangements to ensure 'Work-From-Home' capabilities, while taking extra precautions to support the employees' mental and physical health. Even as the pandemic's effects began to wane, organisations were compelled to re-align its processes for 'a new normal', and the role of Human Capital underwent a fundamental transformation, particularly in the face of the rapid growth of remote work.

Accordingly, the Group executed contingency plans to face potential challenges, and instituted several policies including a policy for leave during the pandemic, and information security recommendations amid 'Working from Home' arrangements, to name a few.

The organisation transitioned from physical recruitment to a more digitised approach, with the entire recruitment process from planning to talent sourcing to assessment, selection, hiring and onboarding taking place within a virtual environment.

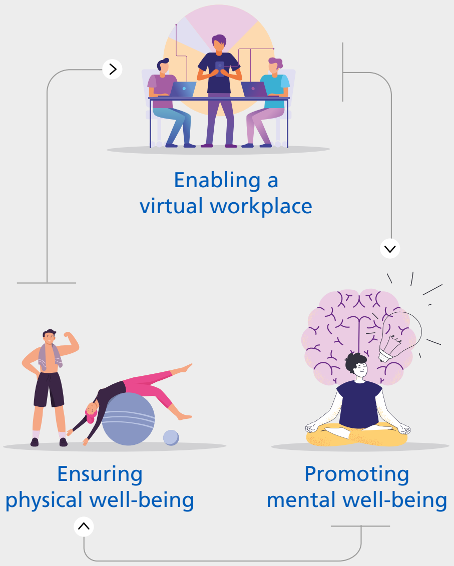
In addition to guiding employees through their transition into a more digital and distributed work environment, the Group's Human Capital function assisted them in their journey towards maintaining productivity and success in their own roles by focusing on their physical and mental well-being. The primary challenge lay in understanding the concerns that employees faced both in their professional and personal lives, and the organisation implemented programmes encompassing health and safety measures to practice at workplace, and counselling sessions for employees. Furthermore, the Human Capital team personally contacted all employees and their families who were infected with the virus and kept in touch with them until they were fully recovered. The Company supported the employees by having on line consultations with doctors to help them through period they had the infection. The mental wellbeing of the employees was very critical at the time as several had to not only get used to a remote working culture but even their personal lives got affected by loosing their loved ones to the Covid. So, the Human Capital Division had two programmes running parallelly one with counselling session with an external counsellor and the other programme was a counselling mentoring session with the Group Director Human Capital "Chat with HC "which was also online conversations.

The main purpose of this was, employees to not to feel that they are alone in these difficult times but to make sure that they could always reach Human Capital and open up themselves. Human Capital strongly believed that communication during the pandemic is vital more than other times.



HUMAN CAPITAL

The Softlogic Group's Human Capital Strategy



The Softlogic Group continued to maintain the following measures from the previous year to ensure employees were equipped to adapt to the new normal.

- Policy for Leave during the pandemic
- Information security recommendations for working from home
- Virtual mindfulness programmes to educate and support employees to achieve physical and mental well-being
- Counselling sessions for employees
- Adherence to strict health and safety guidelines at the workplace to safeguard employees' physical well-being
- Maintenance of COVID-19 Combat Teams across Group companies and locations across the island. The teams were tasked with the complete responsibility of monitoring all precautionary measures in place to manage the health and safety of employees on a daily basis.
- Communications were disseminated on a bi-weekly/tri-weekly basis to ensure employees were made aware of the importance of taking safety measures, while emphasising their social responsibility to curb the spread of the virus.

CORPORATE CULTURE

Softlogic is driven by a performance-based culture wherein which career development is considered purely on employees' performance evaluations. The companies within the Group adopt an evaluation/ appraisal mechanism where quarterly/ half-yearly evaluations emphasising on "quality conversation" between appraiser and appraisee are conducted; a process linked to the final year-end appraisal.

We perform. We are committed to a result-oriented and customer-centric culture where success is shared and celebrated across the Group. We place customers at the Centre of our activities, and we hold ourselves responsible to deliver what we promise in keeping with customer needs with a determination to excel and a commitment to action. A "can do" attitude has proven to be the key performance driver across Softlogic.

We are the value drivers. It is the clear unwavering guidance which defines the cultural context in which we work and interact with our business partners, our community and with each other. At Softlogic, this is a two-way process where employees are the backbone of Softlogic values, and the community is our corpus.

Through our High-Performance Culture spanning principles of Innovation, Integrity, Human Capital, Success, Accountability, Corporate Responsibility and Simplicity, we have created a transparent organizational culture where ideas flourish, people thrive, and success prospers.

We benefit from the diversity of our employees by working together to achieve success. We treat all our employees with equal benefits across our island- wide locations.

As a Group of companies with diversified business, we focus highly on the retention of key performers and attraction of competent professionals by maintaining a healthy organizational culture where the Company has implemented a friendly work culture that creates a strong bond among employees. The management encourages an open-door concept to build strong relationships with employees.

Since Softlogic is a Group of companies across different sectors; the employees of Softlogic are afforded equal opportunities to build their career paths both horizontally and vertically within the Group. Moreover, Softlogic extends a high-quality work-life balance to every employee, which in turn leads to high levels of employee satisfaction.

Innovation → Integrity → Human Capital → Success → Accountability → Corporate Responsibility → Simplicity → Dynamism

Employee Demographics

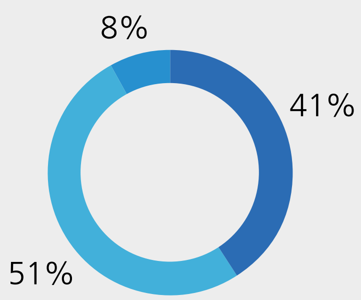
The Softlogic Group values diversity, while enabling equal opportunity at every level, from recruitment to recognition. The breakdown of employees across the Group are represented below:

Male	Female
6,308	5,145

Employees by Designation

Senior Management *(Directors / CEO / Sector Heads)*	97
Middle Management and Management	1,357
Executive Grade	8,183
Clerical and Minor	1,816

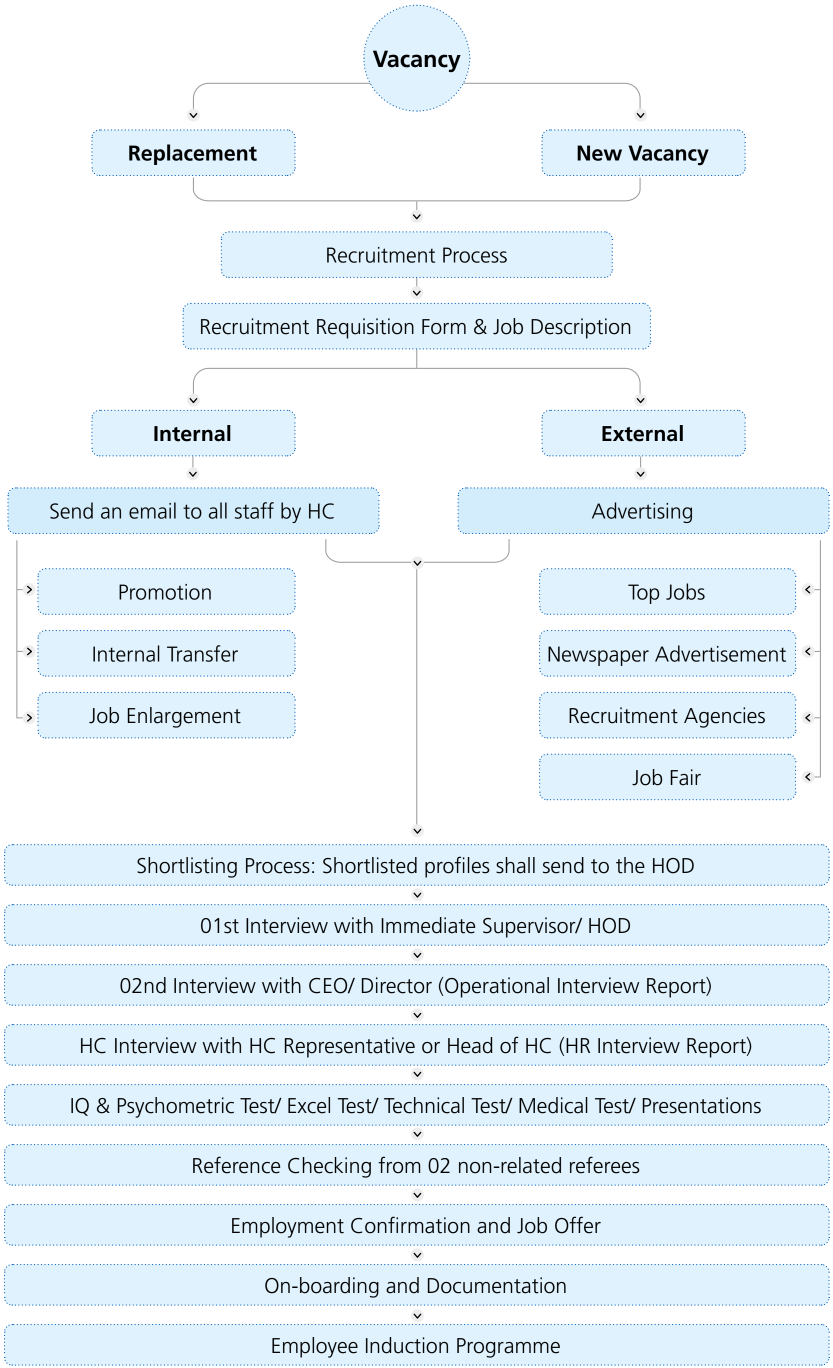
Employees by Age



HUMAN CAPITAL CADRE PLANNING PROCESS

The organisation ensures it ascertains any foreseeable increase/decrease in human resource requirements within each employee category prior to the commencement of each year via a process that undergoes the involvement of the various Heads of the Departments and the CEOs/Directors of the Group.

The Group's structured talent acquisition process is outlined below:



HUMAN CAPITAL

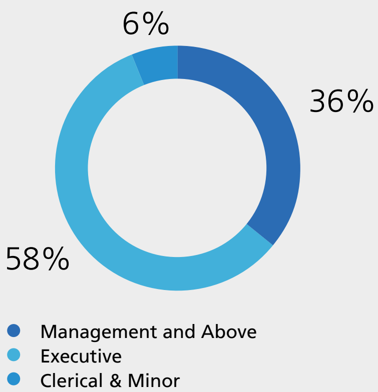
In addition to the above measures, the Group relies on the following measures to attract the right talent:

- Sustaining a candidate's database to ensure a comprehensive application pool is available.
- Frequently advertising vacancy posts via social media platforms and other relevant media.
- Maintaining a continued rapport with CGUs in local academic institutes and universities.
- Implementing strategic career succession and professional development plans to identify and nurture the right talent and improve retention through the availability of better prospects for growth.
- Sourcing the right talent through inter-company transfers, employee promotions and job enrichment opportunities.
- Recruitment campaigns are conducted with the support of the AG's office and the Department of Manpower and Employment in order to conduct job fairs or campaigns, primarily across rural areas. Accordingly, the Group attended the following recruitment campaigns:
  - The NSBM Career Fair 2022
  - The UOC Career Fair 2022 (conducted online)
  - The Career Open Day at the Dialog Head Office 2022

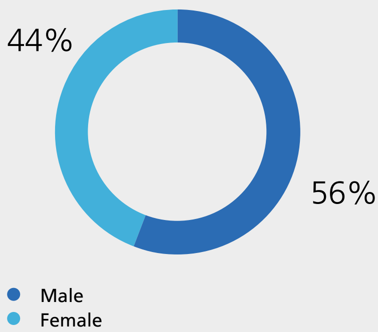
4,445
Employees Recruited

72.17%
Retention Rate

Employee Recruitment (By Category)



Employee Recruitment (By Gender)



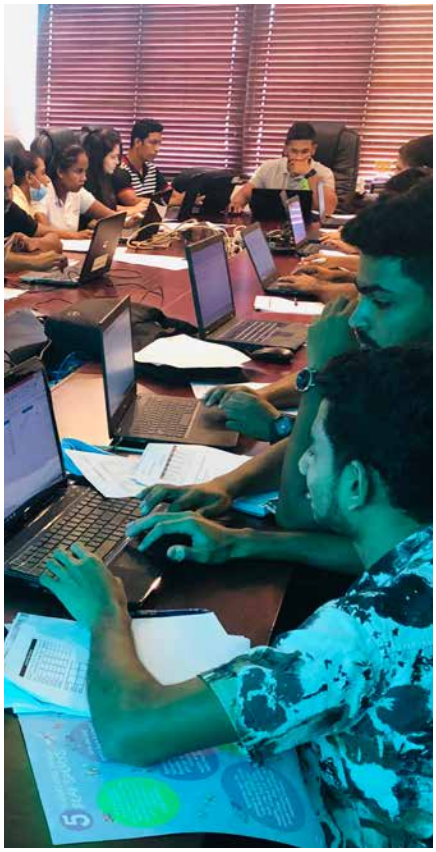



TALENT MANAGEMENT

Talent is a key element that enables the Softlogic Group to transfer its passion for responsible retailing and service excellence to its customers. This enthusiasm is shared by all employees across the organisation whose work is characterised by their drive, commitment, creativity and customer-orientation.

The Group's people philosophy is based on talent management from the perspective of a responsible employer. Therefore, Softlogic thrives on offering quality employment within a motivating environment that allows employees to experience continuous professional growth.

In order to do so, the Group's performance management system enables the organisation to identify talents and potential talents of employees, utilising the grid below to determine the standing of each employee with respect to their performance and competencies.



Competencies	LOW	MODERATE	HIGH
HIGH	PROBLEM CHILD		STARS
MODERTE			
LOW	DEAD WOODS		WORK HORSE

Performance

Stars: Highest potential; the top talent that must be rewarded, recognised, promoted and developed.

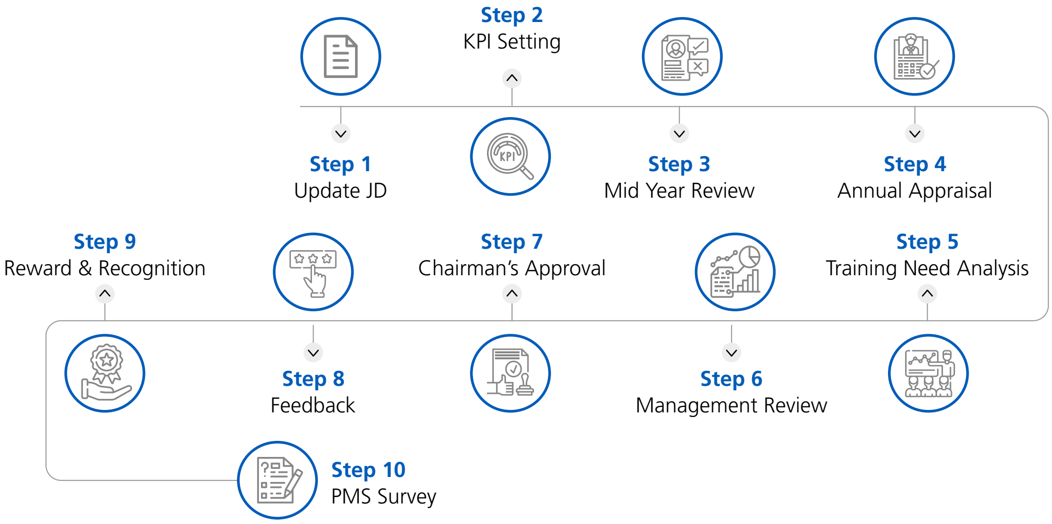
Work Horse: High potential to advance further despite underperforming due to an unfavourable job/role or manager.

Problem Child: Specialised or expert talent that should be retained, rewarded and helped with developing others.

Dead Woods: Low on performance and potential; employees that have a high risk with respect to job security.

The Group's Performance Management System framework consists of a 10-step process, wherein which requirements are revised and KPIs are developed for each financial year. Mid-year assessments are performed to assess the annual performance of each employee, identify any skill gaps and recommend the necessary training to develop or address any required competencies. The annual performance assessment comprises employee self-assessments, followed by an evaluation conducted by their supervisor on the basis of their competencies, values and extra-mile performances. A "Quality Conversation" is conducted between the employee and the superior discussing the self-assessment scores and the scores given by the superior and all other factors to ensure the employee's development and progress.

HUMAN CAPITAL



In addition to the Group's existing performance and competency evaluation process, Assessment Centres are in place to re-evaluate technical and behavioural competencies to ensure the unbiased disbursement of rewards and recognition. The Assessment Centres are managed under the purview of qualified third-party assessors to maintain fairness and to eliminate bias.

TRAINING AND DEVELOPMENT

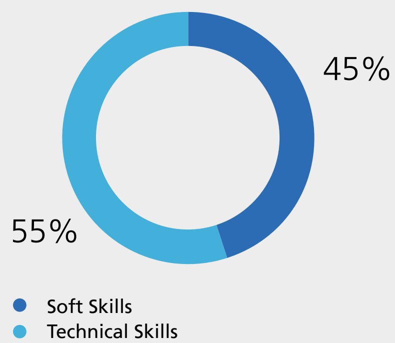
Building on the Group's future-focused learning culture and the need to align to a dynamic learning environment, the year under review saw a more structured approach to learning digitalisation across the Group. The Group's key focus area lay in augmenting the existing e-learning ecosystems to execute learning initiatives in a timely and effective manner, during a year that continued to be challenging for in-person delivery.

The Group embarked on piloting new learning initiatives via global service providers, while creating more in-house developed digital learning content, and expanding the portfolio of micro-learning sessions facilitated through the internal faculty.

Training is performed based on a combination of soft skills and technical skills, with the former comprising aspects of business communication, email etiquette, leadership and managerial skills, work organisation and prioritisation, and MS Office platforms.

The Group follows a comprehensive process to analyse and identify training needs. Softlogic's learning and development process is structured based on training need analysis and performance discussions, followed by the segregation of organisation-wise, unit-wise and individual needs to cater to operational requirements. The Group then prioritises the training areas and finalises the annual training plan and the budgets.

Types of Training



Rs. 21 Mn
Investment in Training

91,155
Training Hours

Identify > Classify > Prioritise > Plan

Continuous discussions are conducted regarding ongoing trainings and ad-hoc requirements, including training required for Quality Accreditations such as JCI, ACHSI, OHSAS, and ISO standards, to name a few.

In order to encourage a learning culture, the Group has provided educational grants, special allowances for nursing degree holders, and engaged in partnerships with reputed educational entities to award healthcare related degrees and diplomas, reimbursement of professional subscriptions and exam fee.

Learning to improve performance

Objective : To improve service deliverables and outcomes

Key Focus areas: Quality related training, customer service and on-the-job training

Learning for career development

Objective: To prepare employees for the next stage in line with career progression policies

Key focus areas: To enhance employee knowledge, skills and competencies

Learning to improve soft skills

Objective: To continuously improve the gaps in various soft skill areas

Key focus areas: Organisation skills, negotiation skills, telephone etiquette, email etiquette, health and well-being etc.

SUCCESSION PLANNING

Succession planning is utilised as a strategy to identify and develop future leaders within the Group, in order to address the inevitable changes with respect to the composition of human capital within the workplace, while addressing any new skill requirements as the operating landscape continues to evolve. This mechanism ensures business continuity, while empowering employees within the organisation with opportunities for growth.

The Group's Management Trainee Programme ensures the Group can identify and train high potential workers for advancement into key roles. Followed by a comprehensive selection process, their respective performances are monitored for a year. Their suitability for absorption into any of the Group companies is identified based on performance, skills and attitude.

POLICY AGAINST CORRUPTION AND DISCRIMINATION

Softlogic Holdings PLC adheres to a zero-tolerance policy for any form of corruption in relation to its business and employees. The Group is committed to valuing diversity and seeks to provide all staff with equal opportunities for Career and personal development, all of which are awarded based on ability, qualifications and suitability to the role, in addition to their potential for development within the organisation. The Company does not tolerate any form of discrimination or harassment against any person on any grounds, regardless of age, disability, gender, marriage/civil partnership, pregnancy/maternity, race, religion or belief, sex, or sexual orientation whether with respect to the field of recruitment, terms and conditions of employment, career progression, training, transfer or dismissal.

HUMAN CAPITAL

FAIR DEALING

It is expressly stated within the organisation's policies that all employees, including Senior Management and the Board of Directors of Softlogic Holdings PLC should endeavour to deal fairly with all the Group's stakeholders, including its customers, suppliers, competitors, fellow employees, and shareholders. No individual should take unfair advantage of anyone through the form of manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice as it is considered the Group's policy to conduct all our business in an ethical manner. The Group undertakes a zero-tolerance approach to all incidences of bribery and corruption and are committed to conduct itself professionally, fairly and with honesty and integrity in all its business affairs. The Group will not tolerate the abuse of power and influence by virtue of position over the lives and well-being of any person of concern.

No employee of Softlogic Holdings is permitted to request any service or favour from any person of concern in return for personal financial gain under any circumstance, nor shall they engage in any exploitative relationship - sexual, emotional, financial or employment-related or otherwise with any person of concern.

DATA PRIVACY AND CONFIDENTIALITY

All employees, including the Senior Management and the Board of Directors of Softlogic Holdings PLC are required to maintain the confidentiality of information entrusted to them by the organisation and its customers, with the sole exception being the authorised or legally mandated disclosure of such information.

The Group classifies confidential information to include all non- public information that might be of use to competitors or poses harm or a potential threat to the organisation or its customers if disclosed. Accordingly, every employee has signed a detailed Non-Disclosure Agreement to ensure these principles are followed.

CHILD LABOUR

Softlogic Holdings PLC remains committed to honour the labour rights principles stipulated in Sri Lanka, including the right to freedom of association, the eradication of child and forced labour, and non-discrimination. The Group has implemented and continues to practice clear policies and processes in accordance with Sri Lankan labour laws to ensure that it does not employ or recruit any minors, does not engage in forced labour and are not associated with third parties identified as having a significant risk of employing child or forced labour.

GRIEVANCE HANDLING

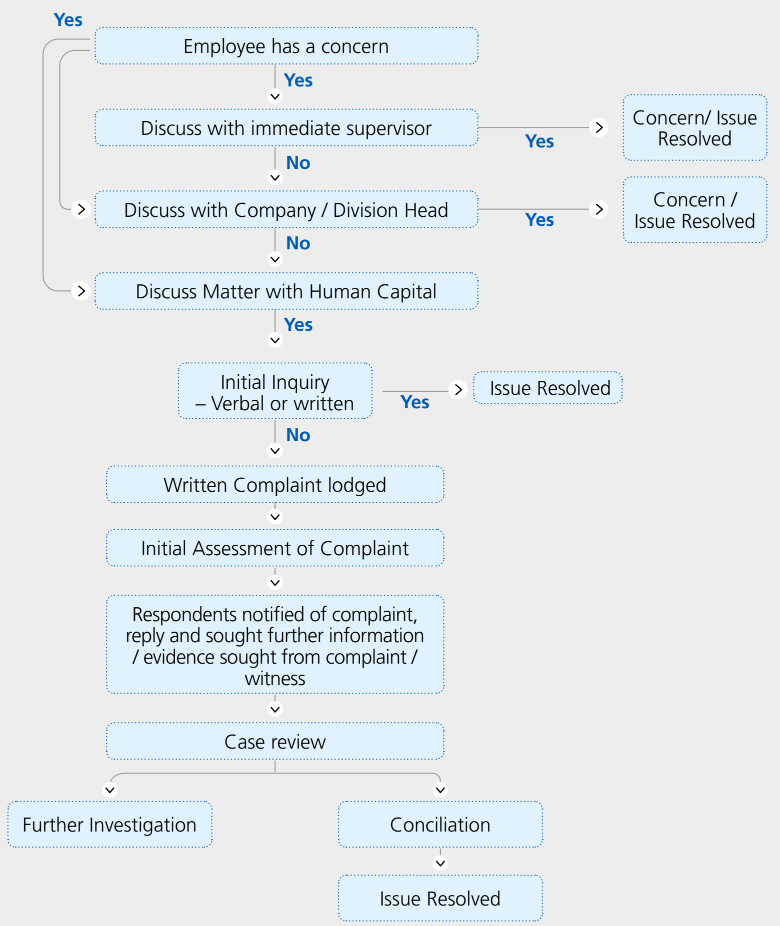
The Softlogic Group remains deeply committed towards becoming an 'employer of choice'. Therefore, in order to facilitate employee satisfaction and address any concerns, the Softlogic Group has in place a comprehensive Grievance Handling Procedure, which sets out the steps any employee could take in the event he/she is faced with a complaint or concern. The procedure is easily accessible to all employees and has been communicated across the board and set out in the employee handbook.

A grievance procedure is afforded to staff who have attempted to resolve concerns through their supervisors or managers but are unable to reach a satisfactory solution. All such grievances/complaints are encouraged to be brought to the attention of the Group Director of Human Capital and the Manager Employee Well-being attached to the HC Division in either written or verbal format. Any such submissions are assured the strictest confidentiality, and swift remedial action. The Group looks out for instances of retaliation and acts accordingly.

The Group has in place an HR Exit Interview format that identifies the reason for employees to seek employment elsewhere. In the event of a similar trend related to a particular division or manager/supervisor, the Human Capital Division will discuss the matter with the respective company heads to determine any solutions and ensure the retention of employees in the future. The individual in concern would further be spoken and provided with coaching and mentoring sessions.

GRIEVANCE HANDLING PROCEDURE

The Company's Grievance Procedure is set out below. All employees should bring their grievance to the notice of the Management as per the process laid down below.



HUMAN CAPITAL

WHISTLE BLOWER POLICY

Regardless of their position within the hierarchy, every Softlogic employee is tasked with promoting ethical behaviour within their respective organisation. In the event any employee is faced with a situation which they believe to be unethical or are in the possession of information with respect to others who may be acting in an unethical manner, employees are encouraged to bring it to the attention of the respective CEO, Group Director Human Capital, or the Chairman of Softlogic Holdings PLC in order to take the necessary measures for investigations to be conducted confidentially, following which appropriate action could be taken based on the results.

All employees should report to the Senior Management team, or the Directors any violations in laws, rules, regulations or the Code of Business Conduct and Ethics. If not satisfied with the outcome, they must then report to Group Director Human Capital or the Chairman. If after reporting such incidents, the employee feels that he/she is being retaliated against, they are always encouraged to make a complaint with the Group Director Human Capital or the Chairman who will ensure that the rights of the "whistle-blower" are protected for any complaints made in good faith.

Employee Engagement and Recognition

In addition to company-wide efforts, the Softlogic Group initiated the following programmes to ensure an engaged workforce, even amid a challenging environment.

- Virtual Christmas Carol Singing for the Softlogic Group. Employees came together to mark the most wonderful time of the year. The carols were circulated via a link which gave the opportunity to the other staff members to view all videos, in addition to the winning submission.
- Children's Art Competition 2021 conducted by the Softlogic Holdings PLC Human Capital department for Softlogic employees' children to encourage and inspire them to nurture their talents.
- The Softlogic Avurudhu Kumara Kumariya Competition was a resounding success, with a strong participation witnessed among Softlogic staff hailing from the ICT sector, Automobile Sector, and BPO among others.
- International Women's Day was celebrated on 8th March 2022 by Softlogic Holdings PLC under the theme #BreakTheBias. In view of celebrating Women's Day, the Softlogic Holdings PLC Human Capital Department initiated and launched a Special Edition of the quarterly News Bulletin, "People Connect" featuring eight women who serve the Group in various positions across the Group's 06 sectors. The division further organised an awareness session on "Stress Management Through Emotional Intelligence" by Mrs. Anoja Weerasinghe a prominent figure in the motivational and women empowerment arena in Sri Lanka. In addition, a small token of appreciation was distributed among all women within the Softlogic Holdings PLC Group. Furthermore, in honour of 'The Women who Serve Us', gift packs were distributed among all the janitorial and tea serving staff by the Group Director Human Capital and Taxation.
- Breast Cancer Awareness and Prevention Action Programme 2021
- The Fun Fiesta Competition. A virtual singing competition for employees and their families.
- The Seth Pirith Sajjayanawa – 2021 and the Pirith Ceremony organised by the Human Capital Division of Softlogic Holdings PLC was held at the Kelaniya Rajamaha Wiharaya. Pirith was chanted to invoke blessings on the Management and all Group staff. Staff of different faiths participated and engaged in this ceremony at the temple.
- Blood Donation 2021
- "Vesak Pathuma" - a wish for the world from Softlogic Employees.
- Video clip on Poson Bhakthi Gee created with a group of employees representing all entities of Asiri Hospitals and Series of Darma Deshana was conducted in Colombo and Matara Hospitals.
- To release stress of ongoing work schedules, a series of Karaoke sessions were organized focusing Clinical and Operational staff according to international clinical guidelines.
- Employee of the month - employee of the month program is conducted by HC department to recognize employees, who have served Softlogic Group in an exceptional manner by exemplifying outstanding service through his /her operational duties /work and exhibiting a positive and supportive attitude. The winner is awarded with a cash reward and and an appreciation Certificate.
- In view of ensuring excellent healthcare service is provided to the customers, the month of February is declared as the "Service Excellence Month" and awarded gifts for best customer care suggestions and a poster competition.
- Appreciation letters were distributed to staff who have taken part in the ACHS accreditation process in ASH, AHH, Lab, Galle and Matara
- Recognition awards presented to employees of Softlogic Information Technologies (Pvt) Ltd in recognition of consistent performance and extraordinary contribution.

Welfare

As a group we believe that "charity begins at home". Therefore, the Softlogic Group creates a culture for a better tomorrow, beginning from our employees. Accordingly, a mechanism has been set up in order to financially support the education of the children of the minor staff at all Softlogic companies, including the Softlogic Family's drivers, office assistants, warehouse helpers, warehouse labourers, technicians, tinkers, washermen, etc. Vouchers are offered to enable their children to purchase school items for every new academic year. Further Savings books worth of 10,000 and 15,000 are offered for Children who have passed Grade 05 scholarship, Children who have obtained 9A's for G.C.E O/L and for those who have selected to the University

Death Donation

The "Death Donation Policy" was introduced with the intention of providing monetary assistance to all permanent employees based on their membership within the Company following the loss of the life of an employee or his/her immediate family members. In the event of a death, the loss of a life of an employee or his/ her immediate family members, a sum of money collected from the Death Donation Fund will be handed over to the employee in accordance with the Death Donation Policy.

Distress Loans

Distress loans will only be granted where there is a serious need or where emergency relief is required due to circumstances that could not have been foreseen by the employee as per the criteria set out in the Distress Loan Policy.

CSR & Donations

The donations made by the Company during the year amounted to Rs. 235,000, and was disbursed among the following institutions:

- Two medical beds worth Rs. 100,000 donated to the De Soysa Maternity Hospital to improve maternal health
- A cash donation of Rs. 30,000 to the Sarwodaya Suwa Setha Sewa Society
- The donation of a medical Bed worth Rs. 105,000 to the Karapitiya Hospital Cancer Unit
- Asiri Group of Hospitals and Center for Sustainability of University of Sri Jayawardenapura signed a MoU on reforesting 1 acre of Yagirala.

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

The Directors of Softlogic Holdings PLC have pleasure in presenting to the members of their report together with the Audited Financial Statements of the Company and the Audited Consolidated Financial Statements of the Group for the year ended 31 March 2022.

GENERAL

Softlogic Holdings PLC is a Public Limited Company which was incorporated under the Companies Act No. 17 of 1982 as a Private Limited Company on 25th February 1998, re-registered under the Companies Act No. 7 of 2007 on 17th December 2007, converted to a Public Limited Liability Company on 10th December 2008, and listed on the Colombo Stock Exchange on 20th June 2011. The name of the Company was changed to Softlogic Holdings PLC on 25th August 2011. The Company is currently listed on the Diri Savi Board of the Colombo Stock Exchange.

PRINCIPAL ACTIVITIES AND NATURE

The principal activities of the Company are holding investments and providing management services and financial assistance to its subsidiaries. The business activities of other companies within the Group are information & communication technology, automobile sales and after sales, consumer electronic retailing, garment manufacturing & fashion retailing, hoteliering, quick service restaurant operations, development of apartments, provision of financial services, life insurance services, stock brokering services, management of Unit Trusts, healthcare services, management consultancy and financial advisory services.

FUTURE DEVELOPMENTS

An indication of likely future developments is set out in the Chairman's Review on pages 8 to 9 In the ordinary course of business the Group develops new products and services in each of its business segments.

PERFORMANCE REVIEW

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

FINANCIAL STATEMENTS

Section 168 (b) of the Companies Act require that the Annual Report of the Directors include financial statements of the Company, in accordance with Section 151 of the Companies Act and Group financial statements for the accounting period, in accordance with section 152 of the Companies Act. The requisite financial statements of the Company are given on pages 55 to 194 of the Annual Report.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements of the Company to reflect a true and fair view of the state of affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting Standards. A statement in this regard is given on page 54.

STATUS OF SUSPENSION OF TRADING

Due to unforeseeable reasons which resulted in the delay of the compilation of the Annual Report, the Company was unable to meet the timeline of issuing its Annual Report for the year ended 31st March 2022.

The Company was informed by the CSE, that the Company's securities will be transferred to the "Watch List" with effect from 7th September, 2022 in terms of Rule 7.5 (e) of the Listing Rules of the CSE on the grounds of non-submission of the Annual Report for the year ended 31st March 2022 on or before 31st August 2022. The Company was requested to take remedial action within 3 months from the transfer to the "Watch List", failure of which, the shares of the Company were to be suspended. The trading of the shares of the Company was suspended on 8th December 2022.

AUDITOR'S REPORT

The Auditor's Report on the financial statements is given on pages 56 to 61 of the Annual Report.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial statements are given on pages 70 to 194 of the Annual Report. There was no change in the accounting policies adopted from the previous year except for the standards listed in Note 6.

PROPERTY, PLANT & EQUIPMENT

The details and movement of property, plant and equipment during the year under review is set out in Note 21 to the Financial Statements on pages 117 to 122.

CAPITAL EXPENDITURE

The total capital expenditure incurred on the acquisition of property, plant and equipment for the Company and the Group amounted to Rs 21 Mn (2021-25 Mn) and Rs. 3,534 Mn (2021- Rs. 3,153 Mn) respectively. Details of capital expenditure and their movements are given in Note 21 to the Financial Statements on pages 117 to 122 of the Annual Report.

In addition to the above, a sum of Rs. 2,161 Mn (2021- Rs. 1,297 Mn) has been incurred by the Group in respect of the Odel Mall project.

RESERVES

The reserves for the Company amounted to Rs. 2,247 Mn (2021 Rs. 2,876 Mn) and accumulated losses for the Group Rs. 20,553 Mn (2021 Rs. 12,534 Mn). The movement and composition of the Capital and Revenue reserves are disclosed in the Statement of Changes in Equity.

DONATIONS

During the year, donations made by the Company and Group amounted to Rs. 12 Mn (2021 Rs. 0.2 Mn) and nil (2021 Rs. 5.2 Mn) respectively.

STATED CAPITAL

The stated capital of the Company as at 31 March 2022 was Rs. 12,119,234,553 represented by 1,192,543,209 shares. There was no change in the stated capital of the Company during the year under review.

Events after the Date of the Statement of Financial Performance

No circumstances have arisen, and no material events have occurred after the date of the Statement of Financial Position, which would require adjustments to, or disclose in the accounts other than those disclosed in Note 53 to the Financial Statements.

TAXATION

The information relating to income tax and deferred taxation is given in Note 19 to the Financial Statements.

STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief are satisfied that all taxes, duties and levies payable by the Company and the Group, all contributions, levies and taxes payable on behalf of, and in respect of, the employees of the Company and the Group, and all other known statutory dues as were due and payable by the Company and the Group as at the date of the Statement of Financial Position have been paid or, where relevant provided for, except as specified in Note 53 to the Financial Statements, covering contingent liabilities.

RELATED PARTY TRANSACTIONS

The Company's transactions with Related Parties, given in Note 47 to the Financial Statements.

DIRECTORATE

The following Directors held Office during the year under review. The biographical details of the Board members are set out on pages 12 to 13.

- Mr. A.K. Pathirage
  (Chairman/ Managing Director)
- Mr. G.W.D.H.U. Gunawardena
- Mr. R.J. Perera
- Mr. H.K. Kaimal
- Mr. M.P.R. Rassool
- Dr. S. Selliah
  (Resigned w.e.f. 24th October 2022)
- Mr. W.M.P.L. De Alwis, PC
  (Resigned w.e.f. 15th June 2023)
- Prof. A.S. Dharmasiri
- Mr. A. Russell Davison
- Mr. S. Saraf
- Mr. C.K. Gupta
  (Alternate Director to Mr. S. Saraf)
- Mr. J.D.N. Kekulawala

DIRECTORS' REMUNERATION

Directors' remuneration in respect of the Company for the financial year ended 31 March 2022 was Rs. 55.86 Mn (2021 Rs 46.53 Mn).The remuneration of the Directors is determined by the Board.

DIRECTORS' INTERESTS IN CONTRACTS AND PROPOSED CONTRACTS WITH THE COMPANY

Directors' interests in contracts, both direct and indirect are referred to in Note 47 to the Financial Statements. The Directors have no direct or indirect interest in any other contract or proposed contract with the Company.

INTERESTS REGISTER

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

SHAREHOLDERS' INFORMATION

The distribution of shareholders is indicated on page 195 of the Annual Report. There were 9,779 registered shareholders as at 31 March 2022 (31 March 2021 – 10,432).

SHARE INFORMATION

Information on share trading is given on page 196 of the Annual Report.

INTERNAL CONTROL

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

RISK MANAGEMENT

The Group's risk management objectives and policies and the exposure to risks, are set out in page 20 and 22 of the Annual Report.

CORPORATE GOVERNANCE

Mr. Prasantha Lal De Alwis, Prof. Ajantha Dharmasiri, Mr. Nihal Kelulawela and Mr. Shirish Saraf function as Independent Non-Executive Directors of the Company. As per the rules issued by the Colombo Stock Exchange, Mr. Prasantha Lal De

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

Alwis meet all the criteria of independence except one. Mr. Prasantha Lal De Alwis had served on the Board of the Company continuously for a period exceeding nine (9) years from the date of their first appointment.

The report on Corporate Governance is given on pages 14 to 19 of the Annual Report.

THE AUDITORS

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

The Auditors of the Company, Messrs. Ernst & Young, Chartered Accountants were paid Rs. 2.9 Mn as audit fees for the financial year ended 31 March 2022 (2021 Rs. 2.2 Mn) by the Company. Details of which are given in Note 18 to the Financial Statements.

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

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

RELATED PARTY TRANSACTIONS

During the year 2021/2022 there were / were no non- recurrent or recurrent related party transactions that exceeded the respective thresholds mentioned in the Listing Rules of the Colombo Stock Exchange

As required by Section 9.3.2 (d) of the Listing Rules, the Board confirms that the Company has complied with all requirements as per Section 9 of the Listing Rules. The Directors have disclosed the transactions with Related Parties in terms of Sri Lanka Accounting Standard (LKAS 24), Related Party Disclosures in Note 47 on pages 163 to 166 which is adopted in the preparation of these Financial Statements.

DIRECTORS' SHAREHOLDING

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

Name of Director	No. of Shares as at 31/03/2022	No. of Shares as at 31/03/2021
Mr. A.K. Pathirage	492,372,620	486,244,633
Mr. G.W.D.H.U. Gunawardena	71,333,852	71,333,852
Mr. R.J. Perera	75,437,508	75,437,508
Mr. H.K. Kaimal	80,439,792	80,439,792
Mr. M.P.R. Rassool	-	-
Dr. S. Selliah *(Resigned w.e.f. 24th October 2022)*	2,053,232	2,480,000
Mr. W.M.P.L. De Alwis, PC *(Resigned w.e.f. 15th June 2023)*	-	-
Prof. A.S. Dharmasiri	-	-
Mr. A. Russell-Davison	-	-
Mr. J.D.N. Kekulawala	-	-
Mr. S. Saraf	-	-
Mr. C.K. Gupta *(Alternate Director to Mr. S. Saraf)*	-	-

GOING CONCERN

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

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Friday the 15th December 2023 at 10.00 am. The Notice of the Annual General Meeting is on page 202 of the Annual Report.

A.K. Pathirage
Chairman/Managing Director

H.K. Kaimal
Director

Softlogic Corporate Services (Pvt) Ltd
Secretaries

20th November 2023
Colombo

BOARD AUDIT COMMITTEE REPORT

SCOPE OF THE COMMITTEE

The Board Audit Committee supports the Board of Directors in fulfilling in discharging its oversight responsibilities in relation to financial reporting, Internal Audit function, compliance with laws & regulations, internal controls and risk management and External Auditors' performance and their independence. The scope, functions and responsibilities are adequately set out in the terms of reference of the Committee which has been approved by the Board and is reviewed annually. The Committee places reliance on other Audit Committees in the Group without prejudicing the independence of those Committees. However, the Committee reviews the minutes of those committees' meetings and receives appropriate briefings on matters arising from those. The effectiveness of the Committee is evaluated annually by each member of the Committee and the results are communicated to the Board.

COMPOSITION

The Audit Committee is appointed by the Board of Directors and comprises four independent Non-Executive Directors. The current members of the Audit Committee profiles appear in the Board of Directors section of this Annual Report.

- Mr. J.D.N. Kekulawala (Chairman)
- Dr. S. Selliah (Resigned w.e.f. 24th October 2022)
- Mr. W.M.P.L. De Alwis, PC (Resigned w.e.f. 15th June 2023)
- Prof. A. Dharmasiri

Mr. D. Vitharanage, Group Head-Chief Internal Auditor/Chief Risk Officer served as the Committee's Secretary.

The composition of the Committee enables a blend of financial and audit expertise and wide business and regulatory experience to fulfil its responsibilities.

MEETINGS

The Audit Committee met on Ten occasions during the year under review including quarterly meetings to review and make recommendations on the quarterly and annual financial statements before they were considered and approved by the Board of Directors.

The attendance at Audit Committee meetings was as follows:

Name	Meeting Attended
Mr. J.D.N. Kekulawala	10/10
Dr. S. Selliah *(Resigned w.e.f. 24th October 2022)*	10/10
Prof. A.S. Dharmasiri	10/10
Mr. W.M.P.L. De Alwis *(Resigned w.e.f. 15th June 2023)*	10/10

The Group Finance Director attended the Committee's meetings by invitation and other members of the Senior Management attended meetings by invitation when necessary. The External Auditors attended meetings when their presence was required; they attended three meetings held during the year. The Committee meets with the External Auditors, with no members of Management present, to cover matters they wish to discuss confidentially.

ACTIVITY & FOCUS, AND REPORTING

The Committee has continued to focus its attention mainly on the following during the year:

1. The integrity of the Company's and Group's financial statements, including the reasonableness of assertions made, the appropriateness of accounting policies used, the adequacy of presentation and disclosures made and the effectiveness of internal control over financial reporting. This has continued to be a major thrust of the Committee;
    a. Interactions with the External Auditors of the Holding Company, and the Group companies not covered by separate Board Audit Committees, on their audit plans, observations and key findings;
    b. Review and follow-up of observations in Management Letters presented by external auditors, with relevant Group companies and;
    c. Discussion with property valuers and actuaries entrusted with valuation of retirement gratuities.
2. Procedures in place to examine Company's ability to continue as a going concern.
3. The work and performance of the Internal Auditors.
4. The Group's implementation of ERP software, so far as it impacted on financial accounting and reporting.
5. Review of procedures in place to monitor compliance with applicable Laws and Regulations.
6. Review of steps focused on IT Security.
7. Greater formalisation of processes enabling whistle-blowing.

Following each quarterly meeting at which financial statements are reviewed, the Committee briefs the Group Chairman/ Managing Director from time to time, these meetings draw attention to matters requiring consideration and action and also on matters of importance. Generally, these meetings are scheduled at the request of the Committee.

REAPPOINTMENT OF EXTERNAL AUDITORS

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

The Audit Committee has proposed to the Board of Directors, having considered their independence and performance, that the incumbent auditors M/S Ernst & Young, Chartered Accountants be reappointed for the year ending 31 March 2023 at the Annual General Meeting.

J.D.N Kekulawala
Chairman – Board Audit Committee

20th November 2023
Colombo

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

PURPOSE

The purpose of the Related Party Transactions Review Committee is to conduct an appropriate review of Softlogic Group's related party transactions and to ensure that interests of shareholders and other stakeholders are considered when engaging in related party dealings, hence preventing Directors, Key Management Personnel or substantial shareholders taking advantage of their positions. The Committee ensures adherence to the Rule 9 of the Listing Rules and guided by the Code of Best Practices on related party transactions issued by the Securities & Exchange Commission of Sri Lanka (SEC) and CA Sri Lanka. The Committee states opinions in accordance with the charter of the Related Party Transaction Review Committee. It reviews the charter and policies while making recommendations to the Board as and when deemed necessary.

COMPOSITION

The Related Party Transactions Review Committee comprises two Non-Executive Independent Directors, including the Chairman, and one Executive Director as at 31st March 2022 as follows;

- Mr. W.M.P.L. De Alwis, PC- Independent Non-Executive Director – (Chairman)
- Prof. A.S. Dharmasiri - Independent Non-Executive Director (Member)
- Mr. H.K. Kaimal - Executive Director – (Member)

The Compositon of the Related Party Transactions Committee was re-constituted on 19th June 2023 as follows;

- Prof. A.S. Dharmasiri - Independent Non-Executive Director (Chairman)
- Mr. H.K. Kaimal - Executive Director – (Member)

The Group Finance Director attends the meeting by invitation. Softlogic Corporate Services (Pvt) Ltd, serves as Secretaries to the Committee.

ATTENDANCE AT MEETINGS

Name	Meeting Attended
Mr. W.M.P.L. De Alwis, PC	4/4
Prof. A.S. Dharmasiri	4/4
Mr. H.K. Kaimal	4/4

ROLES AND RESPONSIBILITIES

1. Reviewing in advance all proposed related party transactions of the Company in compliance with the Code.
2. Adopting policies and procedures to review related party transactions and reviewing and overseeing existing policies and procedures.
3. Determining whether related party transactions that are to be entered into by the Company require the approval of the Board or Shareholders of the respective Companies.
4. If related party transactions are ongoing (recurrent related party transactions) the Committee establishes guidelines for senior management to follow in its ongoing dealings with the relevant related party.
5. Ensuring that no Director of the Company shall participate in any discussion of a proposed related party transaction for which he or she is a related party, unless such Director is requested to do so by the Committee for the express purpose of providing information concerning the related party transaction to the Committee.
6. If there is any potential conflict in any related party transaction, the Committee may recommend the creation of a special committee to review and approved the proposed related party transaction.
7. Ensuring that immediate market disclosures and disclosures in the Annual Report as required by the applicable rules/regulations are made in a timely and detailed manner.

REVIEW OF THE RELATED PARTY TRANSACTIONS DURING THE YEAR

The Committee reviewed all proposed Related Party Transactions of Softlogic Holdings PLC and scrutinised such transactions to ensure that they are no less favourable to the Group than those generally available to an unaffiliated third party in a similar circumstance. The activities of the Committee have been communicated to the Board quarterly through tabling minutes of the meeting of the Committee at Board Meetings. Relevant disclosures have been made to the Colombo Stock Exchange in compliance with regulations. Details of Related Party Transactions entered by the Group during the above period are disclosed in Note 47 to the Financial Statements.

During the year 2021/2022 there were / were no non- recurrent or recurrent related party transactions that exceeded the respective thresholds mentioned in the Listing Rules of the Colombo Stock Exchange.

Prof. A.S. Dharmasiri

Chairman - Related party Transactions Review Committee

20th November 2023
Colombo

HR & REMUNERATION COMMITTEE REPORT

PURPOSE

The principal purpose of the Committee is to consider, agree and recommend to the Board a remuneration policy that is aligned with its long-term business strategy, objectives, risk appetite, values and the long term interests of the Group whilst also recognising the interests of stakeholders. The responsibilities of the Committee are laid out in its written Terms of Reference (TOR).

COMMITTEE COMPOSITION AND MEETING

The Human Resources and Remuneration Committee consists of Non-Executive Independent Directors. The members of the Human Resources and Remuneration Committee as at 31 March 2022 and the attendance at the meeting held is as below:

OUR REWARD FRAMEWORK

The Committee focused on delivering a reward framework that is transparent, tailored to individual roles and provide a clear link to Softlogic's strategic objectives. The objective is to drive performance to the highest standards while rewarding both performance and value behaviours. It seeks to be sufficiently competitive in order to attract, retain and motivate employees of the highest calibre.

ATTENDANCE AT MEETINGS

Name of Director	Category	Attended/ Eligible to attend
Prof. A.S. Dharmasiri *Non-Executive Independent Director*	Chairman	1/1
Mr. W.M.P.L. De Alwis, PC *Non- Executive - Independent Director* *(Resigned w.e.f. 15th June 2023)*	Member	1/1
Mr. J.D.N. Kekulawala *Non-Executive- Independent Director*	Member	1/1

The Chairman of the Group who is also the Managing Director and Ms. Natasha Fonseka - Group Director -Human Capital attends Committee Meetings by invitation.

The Committee spent time understanding the interaction of remuneration and culture of the organisation and how our remuneration structures influence our chosen strategic behaviours. We performed a comprehensive review of our executive remuneration offering in order to optimise the structure of our package to enhance competitiveness.

ACTIVITIES OF THE YEAR

We continued to ensure that our remuneration policies were consistent with our strategic objectives, and were designed with the long term success of the Group in mind. This was particularly so when considering how our remuneration schemes can drive behaviour in line with our chosen objectives and in line with industry best practices.

Our investment in a renowned HR platform, will continue to strengthen the effectiveness and efficiency of the systems and processes.

SUMMARY

The Remuneration Committee will continue to monitor the remuneration policy to ensure that it is correctly aligned with the Group's strategy. The Committee's policy aims to properly reward performance in line with the Company's business objectives and growth to enrich shareholder value.

Prof. A.S. Dharmasiri

HR & Remuneration Committee Report

20th November 2023
Colombo

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The responsibilities of the Directors, in relation to the financial statements of the Company differ from the responsibilities of the Auditors, which are set out in the Report of the Auditors on pages 56 to 61.

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

The Directors consider that, in preparing financial statements set out on pages 56 to 194 of the Annual Report, appropriate accounting policies have been selected and applied in a consistent manner and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed. The Directors confirm that they have justified in adopting the going concern basis in preparing the financial statements since adequate resources are available to continue operations in the foreseeable future.

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

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

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

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

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and other known statutory dues as were due and payable by the Company as at the date of the Statement of Financial Position have been paid or, where relevant provided for, in arriving at the financial results for the year under review except as specified in Note 51 to the Financial Statements covering contingent liabilities

Softlogic Corporate Services (Pvt) Ltd
Secretaries

20th November 2023
Colombo

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

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

Tel: +94 11 246 3500
Fax (Gen): +94 11 269 7369
Fax (Tax): +94 11 557 8180
Email: eysl@lk.ey.com
ey.com

TO THE SHAREHOLDERS OF SOFTLOGIC HOLDINGS PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified Opinion

We have audited the financial statements of Softlogic Holdings PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2022, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Qualified Opinion

As disclosed in Note 49 to the financial statements, during the statutory audit of a subsidiary, omissions and errors in the financial statements were noted. The financial statements of the subsidiary were subsequently adjusted by the management to be in line with the accounting records supported by source documents, and external third party confirmations, wherever possible. These adjustments resulted in a restatement of the subsidiary and Group consolidated financial statements of prior years, as disclosed in Note 49.

The said restatement resulted in an increase in accumulated losses, increase in trade and other payables, increase in short term borrowings, decrease in other non-current financial assets, decrease in trade and other receivables, increase in other current assets, decrease in inventories and a net decrease in other liability categories amounting to Rs. 6,239 Mn, Rs. 4,579 Mn, Rs. 579 Mn, Rs. 687 Mn, Rs. 604 Mn, Rs. 404 Mn, Rs. 195 Mn and Rs. 0.6 Mn respectively. It also resulted in a write-off of suspense account balance (unidentified debit balance) amounting to Rs. 1,205 Mn to the income statement as disclosed in Note 49 and a suspense account (unidentified balances reflected as a liability) shown as liability amounting to Rs. 125 Mn as at 31 March 2022 as disclosed in Note 46.

As sufficient and appropriate audit evidence was not available regarding the completeness and accuracy of the suspense account of Rs. 125 Mn, and the relevance of the period of the suspense account written-off amounting to Rs. 1,205 Mn, we were not able to determine whether further adjustments/ disclosures, if any, would be necessary to the amounts reported in the financial statements.

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

Material uncertainty relating to going concern

We draw attention to Note 5 in the financial statements, which indicates that the Group has made a net loss of Rs. 5,277.79 Mn for the year ended 31 March 2022 and has accumulated losses amounting to Rs. 26,397.40 Mn as at 31 March 2022. The Group's current liabilities exceeded its current assets by Rs. 45,857.51 Mn as at 31 March 2022. As stated in Note 5, these events or conditions, along with other matters as set forth in Note 5, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern without the proposed activities by management and continued support of the lenders. Our opinion is not modified in respect of this matter.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Qualified Opinion* section and material uncertainty relating to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matter	How our audit addressed the key audit matter
Revenue	
The Group derived its revenue of Rs. 111.2 Bn from several operating segments as disclosed in Note 13.1 to the financial statements. Revenue was a key audit matter due to: › Materiality of the reported revenues coupled with the increase of 35% in revenue recorded by the Group during the year; › Reliance on Information Technology (IT); › Complexity of revenue recognition due to involvement of multiple divisions to provide medical services in relation to the healthcare operating segment; and › Complexities resulting from contractual arrangements with customers including hire purchase arrangements relating to the retail operating segment.	Our audit procedures, with the involvement of the component auditors, included the following: › We identified the operating segments that generated significant revenues and performed the following key procedures, with the involvement of component auditors, where relevant: – Obtained an understanding of the nature of revenue contracts entered into by operating segments of the Group and performed inquiries of management and appropriate analytical procedures to understand and assess the reasonableness of reported revenues. – Where appropriate, evaluated the design of internal controls and tested the operating effectiveness of relevant controls relating to sale of goods and service arrangements. – Due to the reliance on information technology in revenue recognition, we tested the integrity of the general IT control environment relating to the most significant IT systems relevant to revenue recognition and tested IT application controls. – Tested the appropriateness of revenue recognised by reviewing relevant sales contracts and other relevant supporting documents. – Tested transactions recorded at year-end, assessing whether revenue was recognised in the correct accounting period, particularly testing how terms of sales arrangements were considered within the revenue recognition process. › We assessed whether revenue recognised over the period from hire purchase contracts and other contractual arrangements, is in line with the Group's accounting policies. › We also assessed the adequacy of related disclosures in Note 13 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

Key audit matter	How our audit addressed the key audit matter
Interest Bearing Borrowings As of the reporting date, the Group reported total interest bearing borrowings of Rs. 92.3 Bn, of which Rs.53.3 Bn was reported as current liabilities and the balance Rs. 39 Bn as non-current liabilities. Interest bearing borrowings was a key audit matter due to: › The materiality of the interest-bearing borrowings and its significance to the overall financial statements (50% of total liabilities); and › Existence of numerous financial and non-financial covenants and disclosures relating to the current and non-current classification of such borrowings in the financial statements	Our audit procedures, with the involvement of the component auditors, included the following; › Assessed the design and operating effectiveness of controls implemented for recording of borrowings, monitoring, evaluating and timely reporting on covenant compliances in relation to interest bearing borrowings. Obtained direct confirmations from financial institutions for outstanding amounts as of the reporting date. › Assessed the adequacy and appropriateness of the disclosures made in Notes 39 and 45 relating to interest bearing borrowings.
Insurance contract liabilities Insurance Contract Liabilities amounting to Rs 22.6 Bn, represent 12% of total liabilities of the Group as at 31 March 2022, and are determined based on an actuarial valuation as described in Note 38 to the financial statements. This was a key audit matter due to: › Materiality of the reported life insurance contract liabilities. › The degree of assumptions, judgements and estimation uncertainty associated with the actuarial valuation of life insurance contract liabilities and liability adequacy test carried out to determine the adequacy of the carrying value of life insurance contract liabilities. Key areas of significant judgments, estimates and assumptions used in the valuation of the life insurance contract liabilities included the following: › Determination of assumptions such as mortality, morbidity, lapses and surrenders, loss ratios, bonus, interest rates, discount rates and related claim handling expenses.	Our audit procedures, with the involvement of the component auditors, included the following: › Assessed the competence, capabilities and objectivity of management's actuarial expert involved in the liability valuation process. › Performed the audit procedures to test the controls over the process of estimating the insurance contract liabilities. › Involved an internal expert to assess the reasonableness of the assumptions used in the valuation of the insurance contract liabilities. › Reconciled the movements in insurance contract liabilities during the year with the movements in the financial results. › Assessed the adequacy of the disclosures and the movement in the insurance contract liabilities in Note 38.

Key audit matter	How our audit addressed the key audit matter
Allowance for expected credit losses on financial assets carried at amortized cost As at 31 March 2022, loan, lease and hire purchase receivables of Rs. 23.8 Bn net of impairment allowances of Rs. 3 Bn amounted to LKR 20.8 Bn are disclosed in notes 28 and 32. These collectively contributed 11% to the Group's total assets. Allowance for expected credit losses on financial assets carried at amortized cost is a key audit matter due to: › Materiality of the reported allowance for expected credit losses which involved complex calculations: and › Degree of significant judgements and assumptions and level of estimation uncertainty associated with estimating future cashflows management expects to receive from such financial assets. Key areas of significant judgments, estimates and assumptions used by management in the assessment of the allowance for expected credit losses included the following; › Management overlays to incorporate the current economic contraction. › The Incorporation of forward-looking information such that expected cashflows reflect current and anticipated future external factors evaluated under different economic scenarios and the probability weighting determined for each of these scenarios.	Our audit procedures, with the involvement of the component auditors, included the following: › Assessed the alignment of the Group's allowance for expected credit losses computations and underlying methodology including responses to market economic volatility with its accounting policies, based on the best available information up to the date of our report. › Evaluated the internal controls over estimation of credit impairment, which included assessing the level of oversight, review and approval of allowance for expected credit losses policies and procedures by the Board and the management. › Checked the completeness, accuracy and classification of the underlying data used in the computation of credit impairment by agreeing details to relevant source documents and accounting records. In addition to the above, the following procedures were performed. **For loan, lease and hire purchase receivables assessed on a individual basis for Impairment:** › Evaluated the reasonableness of credit quality assessment. › Checked the arithmetical accuracy of the underlying individual impairment calculations. › Evaluated the reasonableness of key inputs used in provision for credit impairment made with particular focus on current economic conditions. Such evaluations were carried out considering the value and timing of cash flow forecasts relating to elevated risk industries, debt moratoriums and status of recovery actions of collaterals in forecasting the value and timing of cashflows. **For loan, lease and hire purchase receivables assessed on a collective basis for impairment:** › Tested key inputs as disclosed in Notes 28 and 32 and the calculations used in the allowance for expected credit losses. › Assessed whether judgements, assumptions and estimates used by the management when estimating future cashflows, in the underlying methodology and management overlays were reasonable. Our testing included evaluating the reasonableness of forward-looking information used based on available market data, economic scenarios considered, and probability weighting assigned to each scenario. › assessed the adequacy of the related financial statement disclosures set out in Notes 28 and 32 of the financial statements.

INDEPENDENT AUDITOR'S REPORT

Other Information included in the 2022 Annual Report

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

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

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

Responsibilities of the management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the

direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

As required by Section 163 (2) of the Companies Act No. 07 of 2007, except for the possible effects of the matter described in the *Basis for Qualified Opinion* Section of our report, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

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

20 November 2023

Colombo

INCOME STATEMENT

In Rs. '000 For the year ended 31 March	Note	GROUP 2022	GROUP 2021 Restated	COMPANY 2022	COMPANY 2021
Continuing operations					
Revenue from contract with customers		**89,125,133**	65,148,831	**978,493**	893,104
Revenue from insurance contracts		**19,165,724**	15,066,694	**-**	-
Interest income		**2,937,818**	2,405,067	**-**	-
Total revenue	13	**111,228,675**	82,620,592	**978,493**	893,104
Cost of sales		**(73,858,671)**	(57,212,555)	**(387,452)**	(297,536)
Gross profit		**37,370,004**	25,408,037	**591,041**	595,568
Dividend income	14	**-**	-	**1,712,285**	1,229,188
Other operating income	15	**1,386,996**	821,510	**36,109**	464,262
Distribution expenses		**(3,709,614)**	(3,142,400)	**-**	-
Administrative expenses		**(25,019,645)**	(17,392,023)	**(1,441,080)**	(398,319)
Operating profit		**10,027,741**	5,695,124	**898,355**	1,890,699
Finance income	16	**4,707,864**	2,880,607	**1,723,751**	2,171,341
Finance costs	17	**(13,728,388)**	(8,350,372)	**(3,309,939)**	(3,364,088)
Net finance cost		**(9,020,524)**	(5,469,765)	**(1,586,188)**	(1,192,747)
Change in insurance contract liabilities	38.2	**(4,713,850)**	(4,111,061)	**-**	-
Change in fair value of investment property	23	**157,920**	98,500	**117,005**	28,200
Share of profit of equity accounted investees	26.2	**(12,574)**	(23,697)	**-**	-
Profit/ (loss) before tax	18	**(3,561,287)**	(3,810,899)	**(570,828)**	726,152
Tax expense	19.1.1	**(1,716,499)**	(197,158)	**(45,991)**	29,613
Profit/ (loss) for the year		**(5,277,786)**	(4,008,057)	**(616,819)**	755,765
Attributable to:					
Equity holders of the parent		**(8,170,817)**	(5,226,944)		
Non-controlling interests		**2,893,031**	1,218,887		
		(5,277,786)	(4,008,057)		
Loss per share					
Basic	20	**6.85**	4.38		

Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 70 to 194 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

In Rs. '000 For the year ended 31 March	Note	GROUP 2022	 2021 Restated	COMPANY 2022	 2021
Profit/ (loss) for the year		(5,277,786)	(4,008,057)	(616,819)	755,765
Other comprehensive income					
Continuing operations					
Other comprehensive income to be reclassified to income statement in subsequent periods					
Currency translation of foreign operations		(65,404)	(34,052)	-	-
Net change in fair value on derivative financial instruments	39.5	(3,161,777)	(168,590)	-	-
Net gain/ (loss) on financial instruments at fair value through other comprehensive income		(592,267)	162,543	-	-
Net other comprehensive loss to be reclassified to income statement in subsequent periods		(3,819,448)	(40,099)	-	-
Other comprehensive income not to be reclassified to income statement in subsequent periods					
Revaluation of land and buildings	21.1	7,734,185	1,061,153	-	-
Re-measurement gain/ (loss) on employee benefit liabilities	41	(826)	(45,152)	(10,004)	6,662
Share of other comprehensive income/ (loss) of equity accounted investments (net of tax)	26.2	(32)	287	-	-
Net loss on equity instruments at fair value through other comprehensive income		(647,981)	(300,918)	(4,400)	(5,200)
Tax on other comprehensive income not to be reclassified to income statement in subsequent periods	19.2.1	(1,078,311)	593,823	2,401	(1,599)
Net other comprehensive income/ (loss) not to be reclassified to income statement in subsequent periods		6,007,035	1,309,193	(12,003)	(137)
Other comprehensive income/ (loss) for the year, net of tax		2,187,587	1,269,094	(12,003)	(137)
Total comprehensive income/ (loss) for the year, net of tax		(3,090,199)	(2,738,963)	(628,822)	755,628
Attributable to:					
Equity holders of the parent		(7,141,549)	(4,307,336)		
Non-controlling interests		4,051,350	1,568,373		
		(3,090,199)	(2,738,963)		

Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 70 to 194 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

In Rs. '000 As at 31 March	Note	GROUP			COMPANY	
		2022	2021 Restated	As at 01-04-2020 Restated	2022	2021
Assets						
Non-current assets						
Property, plant and equipment	21	**61,135,972**	53,522,589	52,133,148	**83,922**	96,088
Right of use assets	22.1	**8,457,434**	6,015,883	6,600,136	**243,576**	19,321
Investment properties	23	**2,175,037**	1,913,880	2,030,380	**939,705**	822,700
Intangible assets	24	**8,461,213**	8,743,639	8,805,006	**1,833**	975
Investment in subsidiaries	25	**-**	-	-	**28,201,517**	21,812,355
Investment in equity accounted investees	26	**44,274**	56,879	109,355	**41,000**	41,000
Non-current financial assets	27	**26,147,879**	20,297,059	15,066,995	**1,658,170**	1,841,118
Rental receivable on lease assets and hire purchase	28.1	**10,218,694**	4,596,942	1,156,023	**-**	-
Other non-current assets	29	**7,660,414**	5,483,366	4,939,884	**-**	-
Deferred tax assets	19.2.2	**3,027,670**	3,403,359	3,449,138	**-**	-
		127,328,587	104,033,596	94,290,065	**31,169,723**	24,633,557
Current assets						
Inventories	30	**13,471,197**	12,436,824	12,146,582	**-**	-
Trade and other receivables	31	**9,505,878**	11,751,858	12,953,445	**2,307,010**	1,032,074
Loans and advances	32	**7,266,487**	8,989,576	11,526,423	**-**	-
Rental receivable on lease assets and hire purchase	28.2	**1,044,190**	665,762	1,004,262	**-**	-
Amounts due from related parties	47.1	**1,902,457**	2,274	4,670	**15,235,917**	21,143,871
Other current assets	33	**3,997,872**	4,129,617	4,542,469	**98,113**	75,681
Short term investments	34	**15,064,502**	12,243,650	9,357,231	**784,846**	110,576
Cash in hand and at bank	35	**9,123,612**	7,580,819	3,725,958	**1,485,572**	1,530,983
		61,376,195	57,800,380	55,261,040	**19,911,458**	23,893,185
Total assets		**188,704,782**	161,833,976	149,551,105	**51,081,181**	48,526,742
Equity and Liabilities						
Equity attributable to equity holders of the parent						
Stated capital	36	**12,119,235**	12,119,235	12,119,235	**12,119,235**	12,119,235
Retained earnings / (accumulated losses)		**(26,397,403)**	(18,215,716)	(12,991,201)	**2,271,716**	2,896,138
Other components of equity	37	**5,844,134**	5,681,762	4,782,940	**(24,700)**	(20,300)
		(8,434,034)	(414,719)	3,910,974	**14,366,251**	14,995,073
Non-controlling interests		**14,031,498**	12,421,171	12,218,194	**-**	-
Total equity		**5,597,464**	12,006,452	16,129,168	**14,366,251**	14,995,073

In Rs. '000 As at 31 March	Note	GROUP 2022	 2021 Restated	 As at 01-04-2020 Restated	COMPANY 2022	 2021
Non-current liabilities						
Insurance contract liabilities	38	**22,559,124**	17,947,994	13,133,911	**-**	-
Interest bearing borrowings	39	**38,969,574**	38,200,549	31,041,430	**5,590,856**	7,712,219
Lease liabilities	22.2	**6,112,687**	4,117,610	4,322,333	**203,879**	11,489
Public deposits	40	**2,516,825**	3,035,139	4,858,728	**-**	-
Deferred tax liabilities	19.2.2	**3,266,142**	2,323,342	3,346,327	**178,071**	156,268
Employee benefit liabilities	41	**1,710,208**	1,594,029	1,369,586	**140,555**	113,372
Other deferred liabilities	42.2	**226**	3,604	47,390	**-**	3,604
Other non-current financial liabilities	43	**738,829**	832,106	848,092	**-**	-
		75,873,615	68,054,373	58,967,797	**6,113,361**	7,996,952
Current liabilities						
Trade and other payables	44	**29,157,350**	23,394,583	10,591,882	**188,140**	75,652
Amounts due to related parties	47.2	**28,919**	31,992	32,405	**49,171**	49,202
Income tax liabilities	19.1.4	**798,778**	66,123	189,389	**-**	-
Other current financial liabilities	45	**37,678,829**	26,504,535	30,743,064	**22,674,666**	19,554,760
Current portion of interest bearing borrowings	39	**15,608,025**	11,840,103	10,517,214	**7,438,756**	5,626,376
Current portion of lease liabilities	22.2	**1,824,452**	1,409,733	1,348,221	**37,495**	5,755
Other current liabilities	46	**2,382,595**	940,501	1,506,553	**63,012**	68,561
Public deposits	40	**13,065,182**	11,545,678	12,157,713	**-**	-
Bank overdrafts	35	**6,689,573**	6,039,903	7,367,699	**150,329**	154,411
		107,233,703	81,773,151	74,454,140	**30,601,569**	25,534,717
Total liabilities		**183,107,318**	149,827,524	133,421,937	**36,714,930**	33,531,669
Total equity and liabilities		**188,704,782**	161,833,976	149,551,105	**51,081,181**	48,526,742

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

C K Amarasekara
Head of Finance

The Board of Directors is responsible for these financial statements.

Signed for and on behalf of the Board.

A K Pathirage
Chairman

H K Kaimal
Director

20 November 2023
Colombo

Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 70 to 194 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Group

In Rs. '000	Attributable to equity holders of parent			
	Stated capital	Restricted regulatory reserve	Revaluation reserve	Foreign currency translation reserves
As at 31 March 2020	12,119,235	309,613	6,464,774	(43,653)
Impact of errors - Note 49.2	-	-	-	-
As at 01 April 2020 - Restated	12,119,235	309,613	6,464,774	(43,653)
Profit/ (loss) for the year	-	-	-	-
Other comprehensive income/ (loss)	-	-	1,197,294	(33,729)
Equity investments at FVOCI reclassified to retained earnings	-	-	-	-
Total comprehensive income/ (loss)	-	-	1,197,294	(33,729)
Acquisition of subsidiaries	-	-	-	-
Changes in ownership interest in subsidiaries	-	-	-	-
Subsidiary dividend to non-controlling interest	-	-	-	-
As at 31 March 2021- Restated	12,119,235	309,613	7,662,068	(77,382)
Profit/ (loss) for the year	-	-	-	-
Other comprehensive income/ (loss)	-	-	4,786,880	(64,367)
Equity investments at FVOCI reclassified to retained earnings	-	-	-	-
Total comprehensive income/ (loss)	-	-	4,786,880	(64,367)
Changes in ownership interest in subsidiaries	-	-	-	-
Subsidiary dividend to non-controlling interest	-	-	-	-
As at 31 March 2022	12,119,235	309,613	12,448,948	(141,749)

Company

In Rs. '000	Stated capital	Fair value reserve of financial assets at FVOCI	Retained earnings	Total equity
As at 01 April 2020	12,119,235	(15,100)	2,135,310	14,239,445
Profit for the year	-	-	755,765	755,765
Other comprehensive income/ (loss)	-	(5,200)	5,063	(137)
Total comprehensive income/ (loss)	-	(5,200)	760,828	755,628
As at 31 March 2021	12,119,235	(20,300)	2,896,138	14,995,073
Loss for the year	-	-	(616,819)	(616,819)
Other comprehensive loss	-	(4,400)	(7,603)	(12,003)
Total comprehensive loss	-	(4,400)	(624,422)	(628,822)
As at 31 March 2022	12,119,235	(24,700)	2,271,716	14,366,251

Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 70 to 194 form an integral part of these financial statements.

Attributable to equity holders of parent					Total	Non-controlling interests	Total equity
Fair value reserve of financial assets at FVOCI	Statutory reserve fund	Other reserves	Cash flow hedge reserve	Accumulated losses			
(738,331)	263,436	(774,775)	(698,124)	(7,395,133)	9,507,042	12,218,723	21,725,765
-	-	-	-	(5,596,068)	(5,596,068)	(529)	(5,596,597)
(738,331)	263,436	(774,775)	(698,124)	(12,991,201)	3,910,974	12,218,194	16,129,168
-	-	-	-	(5,226,944)	(5,226,944)	1,218,887	(4,008,057)
(68,673)	-	-	(168,457)	(6,827)	919,608	349,486	1,269,094
(9,256)	-	-	-	9,256	-	-	-
(77,929)	-	-	(168,457)	(5,224,515)	(4,307,336)	1,568,373	(2,738,963)
-	-	-	-	-	-	38,543	38,543
-	-	(18,357)	-	-	(18,357)	42,982	24,625
-	-	-	-	-	-	(1,446,921)	(1,446,921)
(816,260)	263,436	(793,132)	(866,581)	(18,215,716)	(414,719)	12,421,171	12,006,452
-	-	-	-	(8,170,817)	(8,170,817)	2,893,031	(5,277,786)
(530,252)	-	-	(3,159,073)	(3,920)	1,029,268	1,158,319	2,187,587
6,950	-	-	-	(6,950)	-	-	-
(523,302)	-	-	(3,159,073)	(8,181,687)	(7,141,549)	4,051,350	(3,090,199)
-	-	(877,766)	-	-	(877,766)	(440,999)	(1,318,765)
-	-	-	-	-	-	(2,000,024)	(2,000,024)
(1,339,562)	263,436	(1,670,898)	(4,025,654)	(26,397,403)	(8,434,034)	14,031,498	5,597,464

STATEMENT OF CASH FLOWS

In Rs. '000 For the year ended 31 March	Note	GROUP 2022	GROUP 2021 Restated	COMPANY 2022	COMPANY 2021
Cash flows from/ (used in) operating activities					
Profit/ (loss) before tax from continuing operations		**(3,561,287)**	(3,810,899)	**(570,828)**	726,152
Adjustments for:					
Finance income	16	**(4,707,864)**	(2,880,607)	**(1,723,751)**	(2,171,341)
Dividend income	14	**-**	-	**(1,712,285)**	(1,229,188)
Finance cost	17	**13,728,388**	8,350,372	**3,309,939**	3,364,088
Change in fair value of investment property	23	**(157,920)**	(98,500)	**(117,005)**	(28,200)
Share of profits of equity accounted investees	26.2	**12,574**	23,697	**-**	-
Gratuity provision and related cost	41	**302,647**	333,769	**22,180**	19,141
Provisions for/ write-off of impaired receivables		**2,902,544**	595,291	**820,311**	13,178
Provisions for/ write-off of inventories	30.1	**128,888**	152,305	**-**	-
Provisions for/ write-off of loans and advances	9.1.8.2	**1,049,489**	418,407	**-**	-
Provisions for/ write-off of investments in lease and hire purchase	9.1.14.2	**148,957**	55,275	**-**	-
Depreciation of property, plant and equipment	21	**3,508,460**	3,360,804	**27,429**	27,439
Profit on sale of property, plant and equipment and right of use assets	15	**(16,893)**	(9,439)	**(6,157)**	(6,903)
Profit on sale of investments	15	**(107)**	(32,109)	**-**	(410,500)
Impairment of investments		**709,291**	-	**-**	-
Change in fair value of put option liability		**(154,609)**	(13,735)	**-**	-
Amortisation/ impairment of intangible assets		**319,553**	295,270	**2,269**	3,612
Amortisation of right of use assets	22.1	**1,828,595**	1,610,387	**34,684**	34,378
Impairment and derecognition of property, plant and equipment and right of use assets		**25,996**	6,986	**-**	-
Operating profit before working capital changes		**16,066,702**	8,357,274	**86,786**	341,856
Increase in inventories		**(1,157,055)**	(388,329)	**-**	-
(Increase)/ decrease in trade and other receivables		**(379,427)**	863,240	**(1,076,161)**	(364,891)
Increase in loans and advances		**637,487**	2,661,507	**-**	-
Increase in investments in lease and hire purchase		**(6,149,137)**	(3,157,695)	**-**	-
(Increase)/ decrease in other current assets		**(266,519)**	219,438	**(22,433)**	609
(Increase)/ decrease in amounts due from related parties		**(1,900,184)**	2,396	**404,377**	(1,701,650)
Increase/ (decrease) in trade and other payables		**610,704**	12,610,727	**112,488**	(160,693)
Decrease in amounts due to related parties		**(3,073)**	(413)	**(31)**	(46,007)
Increase/ (decrease) in other current liabilities		**1,383,649**	(587,190)	**(5,545)**	(25,039)
Increase/ (decrease) in deferred income		**19,524**	(33,379)	**(3,604)**	(36,036)
Increase/ (decrease) in public deposits		**1,001,189**	(2,435,624)	**-**	-
Increase in insurance contract liabilities	38.1	**4,713,850**	4,814,083	**-**	-
Cash generated from/ (used in) operations		**14,577,710**	22,926,035	**(504,123)**	(1,991,851)
Finance income received		**1,088,262**	1,821,220	**1,524,976**	1,235,684
Finance expenses paid		**(5,624,495)**	(6,946,461)	**(3,284,141)**	(3,322,154)
Dividends received		**-**	-	**1,712,285**	1,229,188
Tax paid		**(708,063)**	(515,804)	**(21,787)**	-
Gratuity paid	41	**(187,294)**	(159,234)	**(5,002)**	(2,823)
Net cash flow from/ (used in) operating activities		**9,146,120**	17,125,756	**(577,792)**	(2,851,956)

In Rs. '000 For the year ended 31 March	Note	GROUP 2022	 2021 Restated	COMPANY 2022	 2021
Cash flows from/ (used in) investing activities					
Purchase and construction of property, plant and equipment		**(3,534,081)**	(3,143,590)	**(20,787)**	(25,400)
Addition to intangible assets	24	**(29,790)**	(71,501)	**(3,127)**	(3,119)
Increase in other non-current assets		**(2,176,269)**	(543,482)	**-**	-
Purchase of short term investments (net)		**(278,880)**	(1,795,283)	**(679,075)**	-
Dividends received		**9,035**	56,259	**-**	-
Purchase of non-current financial assets		**(5,790,239)**	(5,881,505)	**(133,789)**	(291,948)
Acquisition of business, net of cash acquired	8.1	**-**	(118,385)	**-**	-
Proceeds from sale of property, plant and equipment		**92,183**	78,496	**11,682**	40,074
Net cash flow used in investing activities		**(11,708,041)**	(11,418,991)	**(825,096)**	(280,393)
Cash flows from/ (used in) financing activities					
Proceeds from shareholders with non-controlling interest on issue of shares in subsidiaries		**8,467**	673,530	**-**	-
Dividend paid to non-controlling interest		**(1,355,050)**	(1,446,921)	**-**	-
Increase in interest in subsidiaries		**(1,327,839)**	(179,262)	**(1,389,162)**	(1,345,232)
Proceeds from long term borrowings		**8,899,757**	15,159,997	**4,489,852**	4,817,651
Repayment of long term borrowings		**(10,037,516)**	(7,840,552)	**(4,809,888)**	(2,569,926)
Repayment of lease liabilities		**(2,771,691)**	(1,997,770)	**(49,149)**	(34,648)
(Increase)/ decrease in other non-current financial liabilities		**61,332**	(2,250)	**-**	-
Proceeds from/ (repayment of) other current financial liabilities (net)		**11,174,294**	(4,354,455)	**3,119,906**	3,000,989
Net cash flow from financing activities		**4,651,754**	12,317	**1,361,559**	3,868,834
Net increase/ (decrease) in cash and cash equivalents		**2,089,833**	5,719,082	**(41,329)**	736,485
Cash and cash equivalents at the beginning		**10,535,990**	4,814,883	**1,376,572**	640,087
Effect of exchange rate changes		**(5,090)**	2,025	**-**	-
Cash and cash equivalents at the end		**12,620,733**	10,535,990	**1,335,243**	1,376,572
Analysis of cash and cash equivalents					
Favourable balances					
Cash in hand and at Bank	35	**9,123,612**	7,580,819	**1,485,572**	1,530,983
Short term investments	34	**10,186,694**	8,995,074	**-**	-
Unfavourable balances					
Bank overdrafts	35	**(6,689,573)**	(6,039,903)	**(150,329)**	(154,411)
Cash and cash equivalents		**12,620,733**	10,535,990	**1,335,243**	1,376,572

Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 70 to 194 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 CORPORATE AND GROUP INFORMATION

Reporting entity

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

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

Consolidated financial statements

The financial statements for the year ended 31 March 2022, comprise "the Company" referring to Softlogic Holdings PLC as the holding company and "the Group" referring to the companies that have been consolidated therein.

Approval of financial statements

The financial statements for the year ended 31 March 2022 were authorised for issue by the Board of Directors on 20 November 2023.

Responsibility for financial statements

The responsibility of the Board of Directors in relation to the financial statements is set out in the "Statement of Directors' Responsibilities" report in the Annual Report.

Statement of compliance

The financial statements which comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and the statement of cash flows, together with the accounting policies and notes (the "Financial statements") have been prepared in accordance with Sri Lanka Accounting Standards (herein referred to as SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the requirements of the Companies Act No. 7 of 2007.

Principal activities and nature of operations

Holding Company

Softlogic Holdings PLC, the Group's holding company, provides management services and warehouse management facilities, facilitates funding requirements and provides other value added services to the group companies.

Subsidiaries and associates

The business activities of other companies within the Group are information & communication technology, automobile sales and after sales, consumer electronic retailing, garment manufacturing & fashion retailing, hoteliering, quick service restaurant operations, development of apartments, provision of financial services, life insurance services, stock brokering services, management of Unit Trust, healthcare services, management consultancy and financial advisory services.

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

2 BASIS OF PREPARATION AND OTHER SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention except for investment properties, land and buildings, fair valued through profit or loss financial assets, derivative financial instruments and fair valued through other comprehensive income financial assets, which have been measured at fair value.

Each material class of similar items is presented cumulatively in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard - LKAS 1 'Presentation of financial statements'.

Presentation and functional currency

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

All values are rounded to the nearest Sri Lankan Rupees thousand (Rs. '000) except when otherwise indicated.

The following subsidiaries use a functional currency other than the Sri Lankan Rupee (Rs.).

Name of the subsidiary	Country of incorporation	Functional currency
Softlogic Australia (Pty) Ltd	Australia	Australian Dollar (AUD)
Asiri Diagnostic Services (Asia) PTE Ltd	Singapore	Singapore Dollar (SGD)
Asiri Myanmar Limited	Myanmar	Myanmar Kyat (MMK)

Comparative information

The presentation and classification of the financial statements of the previous years have been amended, where relevant for better presentation and to be comparable with the statements of the current year except for the Note 49 to the Financial Statements.

Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard - LKAS 1 on 'Presentation of financial statements'.

Offsetting

Assets and liabilities or income and expenses are not set off unless required or permitted by a Sri Lanka Accounting Standards.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies has been disclosed along with relevant individual notes in the subsequent pages.

The accounting policies presented with each note, have been applied consistently by the Group.

Other significant accounting policies not covered with individual notes

The following accounting policies, which have been applied consistently by the Group, are considered significant and are not covered in any other sections.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on a current/ non-current classification.

An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle,
- held primarily for the purpose of trading,
- expected to be realised within twelve months from the reporting date, or
- a cash or cash equivalent unless restricted from exchange or use to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

A liability is current when it is:

- expected to be settled in the normal operating cycle,
- incurred primarily for the purpose of trading,
- due to be settled within twelve months after the reporting date, and
- not affected by any unconditional right to defer settlement for at least twelve months after the reporting date.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

4 FOREIGN CURRENCY TRANSLATION, FOREIGN CURRENCY TRANSACTIONS AND BALANCES

The consolidated financial statements are presented in Sri Lanka Rupees (Rs.), which is the holding company's functional and presentation currency. This functional currency is the currency of the primary economic environment in which virtually all the entities of the Group operate. All foreign exchange transactions are converted to the functional currency, at the rates of exchange prevailing at the time the transactions are effected. Monetary assets and liabilities denominated in foreign currency are retranslated to functional currency equivalents at the spot exchange rate prevailing at the reporting date.

Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. The gain or loss arising on non-monetary items subsequently valued at fair value is in keeping with the recognition of gains or losses on other fair valued items.

Foreign operations

The statement of financial position and income statement of overseas subsidiaries and associates are deemed to be foreign operations are translated to Sri Lanka Rupees (Rs.) at the rate of exchange prevailing as at the reporting date and at the average annual rate of exchange for the period respectively.

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

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

The exchange rates applicable during the period were as follows:

	Statement of financial position 31-03-2022	Income statement 31-03-2022
Australian Dollar	224.40	154.51
Singapore Dollar	221.05	152.29
Myanmar Kyat	0.17	0.12
United States Dollar	299.00	205.48

NOTES TO THE FINANCIAL STATEMENTS

5 SUMMARY OF SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In preparing these financial statements of the Group, The management has made judgements, estimates and assumptions that affect the application of Group's accounting policies and the reported amounts of assets, liabilities, income, expenses and its disclosure of contingent liabilities. Judgements and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual results may differ from these judgements and estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised prospectively.

The management considered the following items, where significant judgements, estimates and assumptions have been used in preparing these financial statements.

Going concern

The Group has incurred a loss of Rs. 5,277.79 Mn (FY2020/21 - Rs. 4,008.06 Mn) for the year ended 31st March 2022 and recorded an accumulated loss of Rs. 26,397.40 Mn (FY2020/21 - Rs. 18,215.72 Mn) as at 31st March 2022. The Group's current liabilities exceeded its current assets by Rs. 45,857.51 Mn (FY2020/21 - Rs. 23,972.77 Mn) as at the reporting date.

The current liabilities of the Group include short term borrowings and long/ medium term project loans amounting to Rs. 53,286.85 Mn (2021 - Rs. 38,344.64 Mn) which were due within 12 months from 31st March 2022, bank overdrafts amounting to Rs. 6,689.57 Mn (2021 - Rs. 6,039.90 Mn) which are due on demand and trade and other payables amounting to Rs. 29,157.35 Mn (2021 - Rs. 23,394.58 Mn).

The losses incurred in the year under review were mainly due to impact of depreciation of Rupee prevailed at the end of the financial year 2021/22 resulted a net exchange loss of Rs. 4,269.95 Mn (FY2020/21 – gain of Rs. 111.61 Mn). Further, the impact of COVID-19 and lock-down, liquidity shortage, foreign exchange volatility, restrictions on importation, inflation and socio-economic instability in the country and global challenges adversely impacted the performance of the Group's core operational environment.

In March 2022, each business segment evaluated the resilience of its businesses considering a wide range of factors under multiple scenarios, relating to expected revenue streams, cost management, profitability, the ability to defer non-essential capital expenditure, debt repayment capabilities and ability to rollover short-term working capital financing arrangements. Cash reserves and potential sources of financing facilities were also considered where required, and the ability to continue providing goods and services to ensure businesses continue at acceptable level.

The Group is actively seeking to execute following measures to mitigate the prevailing negative working capital position.

- Disposal of some of the identified strategic investment assets and phase out of certain sectors of the group.
- Re-negotiating the debt repayment plans with the lending institutions and restructuring the debt.

  the Group has negotiated with lending institutions and obtained capital and interest moratoriums enabling the Group to minimize the cash outflows on its financing activities
- The Group is currently evaluating alternative sources of financing including fresh equity infusion to its core business segments.

  currently, the Group is in the process of looking for potential equity partners to enhance the operational performances of the Retail Sector and Healthcare Sector (to identified projects)
- Implementing aggressive marketing strategies to attract and enhance both international and domestic customer footfall.

  implementing attractive discount schemes, Customer loyalty programs and other promotional activities in Retail and Healthcare sector companies
- Implementing the identified processes through the evaluation of the resilience of group businesses considering a wide range of factors

Having presented the outlook for each business segment of the Group and after due consideration of the range and likelihood of outcomes, the Directors are satisfied that the Company, its subsidiaries, associates and joint ventures have adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements.

Significant accounting judgements, assumptions and estimation

Significant areas of critical judgements, assumptions and estimation uncertainties, in applying accounting policies that have significant effects on the amounts recognised in the financial statements of the Group are detailed in the following notes.

- Valuation of property, plant and equipment
- Recognition of right of use assets
- Valuation of investment property
- Valuation of intangible assets
- Deferred taxation and taxes
- Employee benefit liability
- Valuation of insurance contract liabilities
- Provisions and contingent liabilities

- Valuation of financial liabilities at fair value through profit or loss
- Valuation of derivative financial instruments
- Provision for Expected Credit Loss of trade receivables and contract assets
- Provision for Expected Credit Loss of loans & advances and lease and hire purchase receivables

6 CHANGES IN ACCOUNTING STANDARDS

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021.

Amended Accounting Standards

Amendments to SLFRS 16 - Leases : Covid -19 Related Rent Concessions beyond 30 June 2021

In 4 December 2020, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued Covid-19 -Related Rent Concessions - amendment to SLFRS 16 Leases.

The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification.

A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under SLFRS 16, if the change were not a lease modification. The Group has applied practical expedient for COVID-19 related rent concessions.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, in 28 June 2021, CA Sri Lanka extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

NOTES TO THE FINANCIAL STATEMENTS

7 BASIS OF CONSOLIDATION AND MATERIAL PARTLY OWNED SUBSIDIARIES

ACCOUNTING POLICY

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2022. The financial statements of the subsidiaries are prepared in compliance with the Group's accounting policies unless otherwise stated. Control over an investee is achieved when the Group is exposed or has rights to variable returns from its involvement with the investee and when it has the ability to affect those returns through its power over the investee.

Control over an investee

Specifically, the Group controls an investee if, and only if, the Group has:

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

Subsidiaries that are consolidated have been listed in note 25.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, which is 12 months ending 31 March, using consistent accounting policies unless otherwise stated.

Transactions eliminated on consolidation

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

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

Loss of control

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

The total profits and losses for the year of the Company and of its subsidiaries included in consolidation are shown in the consolidated income statement and consolidated statement of comprehensive income and all assets and liabilities of the Company and of its subsidiaries included in consolidation are shown in the consolidated statement of financial position.

Non-controlling interest (NCI)

Non-controlling interests, which represents the portion of profit or loss and net assets not held by the Group, are shown as a component of profit for the year in the consolidated income statement and statement of comprehensive income and as a component of equity in the consolidated statement of financial position separately from equity attributable to the shareholders of the parent.

7.1 Names and financial information of material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests (NCI) are provided below:

In Rs. '000	Healthcare Service					
	Asiri Hospital Holdings PLC		Asiri Surgical Hospital PLC		Central Hospitals Ltd	
	2022	2021	2022	2021	2022	2021
Summarised income statement for the year ended 31 March						
Revenue	8,759,388	6,138,339	5,446,729	3,898,339	5,957,149	4,306,330
Other income	121,142	99,663	143,309	71,770	55,706	40,590
Operating expenses	(6,342,230)	(4,731,978)	(4,175,631)	(3,357,761)	(4,698,919)	(3,898,645)
Dividend income	2,345,494	1,617,051	-	-	-	-
Finance income	62,034	74,328	249,870	251,014	274,421	298,910
Finance expenses	(1,189,910)	(1,373,922)	(234,501)	(230,861)	(298,127)	(344,519)
Profit before tax	3,755,918	1,823,481	1,429,776	632,501	1,290,230	402,666
Tax expense	(499,464)	55,214	(223,394)	152,146	(139,963)	(2,610)
Profit for the year	3,256,454	1,878,695	1,206,382	784,647	1,150,267	400,056
Other comprehensive income	1,773,677	417,556	436,487	163,335	1,156,198	57,010
Total comprehensive income	5,030,131	2,296,251	1,642,869	947,982	2,306,465	457,066
Profit attributable to material NCI	411,959	140,987	656,137	375,992	521,875	194,824
Dividend paid to NCI	1,267,063	880,186	618,484	264,681	482,238	417,364
Summarised statement of financial position as at 31 March						
Current assets	2,770,237	1,465,428	3,638,272	2,552,669	3,091,084	1,764,956
Non-current assets	27,534,212	25,550,229	6,544,297	5,698,416	9,970,652	9,062,209
Total assets	30,304,449	27,015,657	10,182,569	8,251,085	13,061,736	10,827,165
Current liabilities	9,339,132	7,252,125	3,087,504	1,280,531	3,598,083	2,621,514
Non-current liabilities	10,367,951	11,352,463	2,006,561	2,415,156	2,444,134	2,416,957
Total liabilities	19,707,083	18,604,588	5,094,065	3,695,687	6,042,217	5,038,471
Effective holding % owned by NCI	44.44	48.36	55.57	58.71	44.59	48.50
Accumulated balance of material NCI	4,709,040	4,067,573	2,827,728	2,674,401	3,129,855	2,807,573
Summarised cash flow information for the year ended 31 March						
Cash flows from operating activities	1,593,691	577,864	967,065	474,859	1,390,897	770,755
Cash flows from/ (used in) investing activities	357,360	749,164	(1,127,404)	(180,029)	(951,628)	(79,998)
Cash flows from/ (used in) financing activities	(1,891,239)	(1,502,353)	92,291	(163,513)	(967,520)	(460,736)
Net increase/ (decrease) in cash and cash equivalents	59,812	(175,325)	(68,048)	131,317	(528,251)	230,021

NOTES TO THE FINANCIAL STATEMENTS

In Rs. '000	Financial Services			
	Softlogic Finance PLC		Softlogic Life Insurance PLC	
	2022	2021	2022	2021
Summarised income statement for the year ended 31 March				
Revenue	**2,945,416**	2,443,391	**19,165,724**	15,066,694
Other income	**257,448**	143,887	**22,563**	6,294
Operating expenses	**(4,087,550)**	(3,552,257)	**(15,372,956)**	(10,969,353)
Change in insurance contract liabilities	**-**	-	**(4,713,849)**	(4,111,061)
Finance income	**1,414**	-	**4,051,112**	2,817,137
Finance expenses	**(52,473)**	(47,129)	**(284,803)**	(528,860)
Profit/ (loss) before tax	**(935,745)**	(1,012,108)	**2,867,791**	2,280,851
Tax expense	**-**	109,257	**(677,360)**	(822,984)
Profit/ (loss) for the year	**(935,745)**	(902,851)	**2,190,431**	1,457,867
Other comprehensive income/ (loss)	**31,609**	(8,499)	**(830,504)**	(667)
Total comprehensive income/ (loss)	**(904,136)**	(911,350)	**1,359,927**	1,457,200
Profit/ (loss) attributable to material NCI	**(257,327)**	(371,976)	**1,381,677**	880,914
Dividend paid to NCI	**-**	-	**629,402**	573,765
Summarised statement of financial position as at 31 March				
Current assets	**11,589,775**	12,706,497	**16,320,409**	13,741,692
Non-current assets	**13,789,027**	8,166,565	**25,723,309**	20,628,795
Total assets	**25,378,802**	20,873,062	**42,043,718**	34,370,487
Current liabilities	**17,259,597**	13,943,050	**4,855,994**	3,474,084
Non-current liabilities	**3,755,784**	3,902,122	**27,632,459**	21,651,066
Total liabilities	**21,015,381**	17,845,172	**32,488,453**	25,125,150
Effective holding % owned by NCI	**26.89**	31.17	**59.85**	60.24
Accumulated balance of material NCI	**1,173,125**	943,769	**5,718,945**	5,569,746
Summarised cash flow information for the year ended 31 March				
Cash flows from/ (used in) operating activities	**(4,434,743)**	(2,020,280)	**644,538**	772,197
Cash flows used in investing activities	**(130,721)**	(23,666)	**(503,230)**	(865,203)
Cash flows from/ (used in) financing activities	**4,359,472**	2,301,528	**(133,257)**	158,657
Net increase/ (decrease) in cash and cash equivalents	**(205,992)**	257,582	**8,051**	65,651

The above information is based on amounts before intercompany eliminations.

8. BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTEREST

ACCOUNTING POLICY

Business combination and goodwill

Business combinations are accounted for using the acquisition method of accounting. The Group measures goodwill at the acquisition date as the fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

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

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the income statement in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

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

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

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

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

Impairment of goodwill

Goodwill is tested for impairment annually (as at 31 March) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

8.1 Obtaining control of subsidiaries

FY 2021/22

No changes to the Group Structure other than the increase in controlling stake in direct and indirect subsidiaries.

FY 2020/21

Investment in Asiri A O I Cancer Centre (Pvt) Ltd

On 01 of April 2020, the Management of Asiri Surgical Hospital PLC("ASHL") a subsidiary of Softlogic Holdings PLC decided that ASHL is the parent company of Asiri A O I Cancer Center (Pvt) Ltd ("AOI") subsequent to the assessment done on that date. Up to 31 March 2020, ASHL treated AOI as a Joint Venture Investment and accounted for using Equity method.

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Investment in Softlogic Pharmaceuticals (Pvt) Ltd (previously known as Lifeline Pharmaceuticals (Pvt) Ltd)

In October 2020, Softlogic Retail Holdings (Pvt) Ltd, a subsidiary of Softlogic Holdings PLC acquired 100% ordinary shares of Softlogic Pharmaceuticals (Pvt) Ltd (previously known as Lifeline Pharmaceuticals (Pvt) Ltd) and it became a subsidiary of the Group.

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

In Rs. '000 For the year ended 31 March	Note	2021
Property, plant and equipment	21.1	**344,800**
Right of use assets	22.1	**6,934**
Inventories		**54,297**
Trade and other receivables		**130,940**
Other current assets		**2,038**
Cash in hand and at bank		**81,912**
Retirement benefit liability	41	**(4,756)**
Deferred tax liabilities	19.2.2	**(3,162)**
Interest bearing borrowings	39.1	**(268,055)**
Lease liability	22.2	**(5,312)**
Trade and other payables		**(128,272)**
Income tax liabilities	19.1.4	**(4,285)**
Other current financial liabilities		**(86,860)**
Other current liabilities		**(10,726)**
Net identifiable assets		**109,493**
Non controlling interest holding		**16,167**
Intangible recognised on acquisition	24	**158,413**
		284,073
Investment by Non controlling interest		**(54,710)**
Net asset value of equity accounted investees		**(29,066)**
		200,297
Total purchase price paid		
Cash consideration		**200,297**
Cash at bank and in hand acquired		**(81,912)**
		118,385

8.2 Share restructure transaction - Softlogic Holdings PLC

In the comparative period, Softlogic Holdings PLC transferred its ownership in Softlogic Restaurants (Pvt) Ltd and Softlogic Supermarkets (Pvt) Ltd to Softlogic Retail Holdings (Pvt) Ltd, which is a fully owned subsidiary of Softlogic Holdings PLC.

The Company has obtained independent valuations of each entity transferred to Softlogic Retail Holdings (Pvt) Ltd and the gains resulting from these transactions have been accounted for as 'Other Operating Income' of the Company.

For the year ended 31 March In Rs. '000	2021 Transaction value	Gain
Shares disposed		
Softlogic Restaurants (Pvt) Ltd	1,168,500	73,500
Softlogic Supermarkets (Pvt) Ltd	508,000	337,000
		410,500

9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities consist of public deposits, borrowings, lease liabilities, trade & other payables, bank overdrafts and financial guarantee contracts. The main purpose of these financial liabilities is to finance Group's operations. The Group financial assets comprise of loans and advances, rental receivable on lease assets & hire purchase, trade & other receivables, cash and short-term deposits that flow directly from its operations. The Group also holds other financial instruments such as investments in equity instruments.

The Group is exposed to market risk including credit risk, currency risk, interest rate risk & price risk and liquidity risk. Risk management is carried out under policies approved by the Board of Directors of the Group. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial and non- financial performance.

Risk management framework

The Board of Directors of Softlogic Holdings PLC and its Group companies have overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify, assess and take action of the risks faced by the Group falling within their risk appetite. Risk management policies and systems are reviewed regularly along with the risk register to reflect changes in market conditions and the Group's activities.

The Group through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees clearly understand their roles and obligations.

The Group's Integrated Risk Management Committee (IRMC) is being designated to oversee how management monitors compliance with the Group's risk management policies and procedures, and to review the adequacy of the risk management framework in relation to the risks faced by the Group. The committee will be assisted in its oversight by Group's Risk Management Department and cluster risk units. Internal Audit undertakes regular reviews of risk management practices. The results of this are reported to the Audit Committee, which supports the Risk Management process through their findings and other deliberations.

9.1 Credit risk

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

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit evaluation procedures. In addition, receivable balances are monitored on an ongoing basis.

The hire purchase and lease portfolio is broad based, accounting for142,730 (2021 - 151,875 customers) contracts, and the risk of non- payment is mitigated by credit approval processes. There is no concentration risk on any single region, customer or sector in particular; collection of dues from customers are robust with the delinquency rate being better than the financial industry average.

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

9.1.1 Credit Risk - Default risk

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

9.1.2 Credit Risk - Concentration risk

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

The prospect of an impairment is analysed at each reporting date on an individual basis for major clients. Less significant receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on actual historical data.

NOTES TO THE FINANCIAL STATEMENTS

9.1.3 Risk exposure

The tables below show the maximum exposure to credit risk for the various components, shown gross before the effect of mitigation through the use of collateral arrangements.

Risk Exposure - Group

In Rs. '000 As at 31 March 2022	Note	Non-current investments	Loans and advances	Rental receivable on leased assets & hire purchases
Government securities	9.1.4	13,506,216	-	-
Corporate debt securities	9.1.5	8,526,794	-	-
Deposits with banks and Unit Trusts	9.1.6	31	-	-
Loans to executives	9.1.7	1,200	-	-
Loans and advances	9.1.8	-	9,321,732	-
Policyholders loans	9.1.9	-	224,191	-
Trade receivables	9.1.10	-	-	-
Other receivables	9.1.11	-	-	-
Reinsurance receivables	9.1.12	-	-	-
Amounts due from related parties	9.1.13	-	-	-
Rental receivable on leased assets & hire purchase	9.1.14	-	-	11,262,884
Cash in hand and at bank	9.1.15	-	-	-
Total credit risk exposure		22,034,241	9,545,923	11,262,884
Financial assets at fair value through profit or loss	9.2.3.1	-	-	-
Financial assets at fair value through OCI	9.2.3.1	1,834,202	-	-
Total equity risk exposure		1,834,202	-	-
Total		23,868,443	9,545,923	11,262,884

Risk Exposure - Group

In Rs. '000 As at 31 March 2021	Note	Non-current investments	Loans and advances	Rental receivable on leased assets & hire purchases
Government securities	9.1.4	9,153,134	-	-
Corporate debt securities	9.1.5	6,686,380	-	-
Deposits with banks and Unit Trusts	9.1.6	21,628	-	-
Loans to executives	9.1.7	2,809	-	-
Loans and advances	9.1.8	-	11,114,609	-
Policyholders loans	9.1.9	-	221,526	-
Trade receivables	9.1.10	-	-	-
Other receivables	9.1.11	-	-	-
Reinsurance receivables	9.1.12	-	-	-
Amounts due from related parties	9.1.13	-	-	-
Rental receivable on leased assets & hire purchase	9.1.14	-		5,262,704
Cash in hand and at bank	9.1.15	-	-	-
Total credit risk exposure		15,863,951	11,336,135	5,262,704
				"
Financial assets at fair value through profit or loss	9.2.3.1	-	-	-
Financial assets at fair value through OCI	9.2.3.1	2,086,549	-	-
Total equity risk exposure		2,086,549	-	-
Total		17,950,500	11,336,135	5,262,704

Cash in hand and at bank	Trade and other receivables	Short term investments	Amounts due from related parties	Total	% of allocation
-	-	7,911,008	-	21,417,224	27.37
-	-	1,481,242	-	10,008,036	12.79
-	-	5,475,670	-	5,475,701	7.00
-	23,411	-	-	24,611	0.03
-	-	-	-	9,321,732	11.91
-	-	-	-	224,191	0.29
-	7,513,078	-	-	7,513,078	9.60
-	1,556,861	-	-	1,556,861	1.99
-	412,528	-	-	412,528	0.53
-	-	-	1,902,457	1,902,457	2.43
-	-	-	-	11,262,884	14.39
9,123,612	-	-	-	9,123,612	11.66
9,123,612	9,505,878	14,867,920	1,902,457	78,242,915	99.99
-	-	96,282	-	96,282	4.74
-	-	100,300	-	1,934,502	95.26
-	-	196,582	-	2,030,784	100.00
9,123,612	9,505,878	15,064,502	1,902,457	80,273,699	

Cash in hand and at bank	Trade and other receivables	Short term investments	Amounts due from related parties	Total Restated	% of allocation Restated
-	-	5,031,166	-	14,184,300	22.26
-	-	1,811,715	-	8,498,095	13.34
-	-	5,080,735	-	5,102,363	8.01
-	23,415	-	-	26,224	0.04
-	-	-	-	11,114,609	17.44
-	-	-	-	221,526	0.35
-	8,207,990	-	-	8,207,990	12.88
-	3,143,450	-	-	3,143,450	4.93
-	377,003	-	-	377,003	0.59
-	-	-	2,274	2,274	-
-	-	-	-	5,262,704	8.26
7,580,819	-	-	-	7,580,819	11.90
7,580,819	11,751,858	11,923,616	2,274	63,721,357	100.00
"					
-	-	215,334	-	215,334	8.95
-	-	104,700	-	2,191,249	91.05
-	-	320,034	-	2,406,583	100.00
7,580,819	11,751,858	12,243,650	2,274	66,127,940	

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Risk Exposure - Company

In Rs. '000 As at 31 March 2022	Note	Non-current investments	Cash in hand and at banks	Trade and other receivable	Short term investments	Amounts due from related parties	Total	% of allocation
Corporate debt securities	9.1.5	-	-	-	679,075	-	**679,075**	**3.18**
Loans to executives	9.1.7	-	-	4,509	-	-	**4,509**	**0.02**
Trade receivables	9.1.10	-	-	1,538,184	-	-	**1,538,184**	**7.20**
Other receivables	9.1.11			764,317			**764,317**	**3.58**
Amounts due from related parties	9.1.13	1,658,170	-	-	-	15,235,917	**16,894,087**	**79.07**
Cash in hand and at bank	9.1.15	-	1,485,572	-	-	-	**1,485,572**	**6.95**
Total credit risk exposure		1,658,170	1,485,572	2,307,010	679,075	15,235,917	**21,365,744**	**100.00**
Financial assets at fair value through profit or loss	9.2.3.1	-	-	-	5,471	-	**5,471**	**5.17**
Financial assets at fair value through OCI	9.2.3.1	-	-	-	100,300	-	**100,300**	**94.83**
Total equity risk exposure		-	-	-	105,771	-	**105,771**	**100.00**
Total		1,658,170	1,485,572	2,307,010	784,846	15,235,917	**21,471,515**	

Risk Exposure - Company

In Rs. '000 As at 31 March 2021	Note	Non-current investments	Cash in hand and at banks	Trade and other receivable	Short term investments	Amounts due from related parties	Total	% of allocation
Loans to executives	9.1.7	-	-	3,458	-	-	**3,458**	**0.01**
Trade receivables	9.1.10	-	-	1,005,234	-	-	**1,005,234**	**3.93**
Other receivables	9.1.11	-	-	23,382	-	-	**23,382**	**0.09**
Amounts due from related parties	9.1.13	1,841,118	-	-	-	21,143,871	**22,984,989**	**89.98**
Cash in hand and at bank	9.1.15	-	1,530,983	-	-	-	**1,530,983**	**5.99**
Total credit risk exposure		1,841,118	1,530,983	1,032,074	-	21,143,871	**25,548,046**	**100.00**
Financial assets at fair value through profit or loss	9.2.3.1	-	-	-	5,876	-	**5,876**	**5.31**
Financial assets at fair value through OCI	9.2.3.1	-	-	-	104,700	-	**104,700**	**94.69**
Total equity risk exposure		-	-	-	110,576	-	**110,576**	**100.00**
Total		1,841,118	1,530,983	1,032,074	110,576	21,143,871	**25,658,622**	

9.1.4 Government securities

As at 31 March 2022 as shown in the table above, 27.37% (2021 - 22.26%) of Group debt securities comprise investments in government securities which consist of treasury bonds, bills and reverse repo investments. Government securities are usually considered to as risk free due to the sovereign nature of the instrument.

9.1.5 Corporate debt securities

As at 31 March 2022, corporate debt securities comprise 97.51% (2021 - 98.94%) of the total investments for the Group were rated "A" or better.

As at 31 March	GROUP				COMPANY	
	2022		2021		2022	
	Rs. '000	Rating % of total	Rs. '000	Rating % of total	Rs. '000	Rating % of total
Fitch/ ICRA rating						
AA+	-	-	220,145	2.59	-	-
AA	-	-	25,785	0.30	-	-
AA-	**3,584,125**	**35.81**	1,914,603	22.53	-	-
A+	**1,625,054**	**16.24**	2,096,485	24.67	-	-
A	**4,549,706**	**45.46**	4,150,703	48.85	-	-
A-	**213,545**	**2.13**	-	-	-	-
BBB+	-	-	51,988	0.61	-	-
BB	-	-	-	-	**679,075**	**100.00**
Not rated	**35,606**	**0.36**	38,386	0.45	-	-
Total	**10,008,036**	**100.00**	8,498,095	100.00	**679,075**	**100.00**

9.1.6 Deposits with banks and Unit Trusts

Deposits with banks consist mainly of fixed and call deposits.

As at 31 March 2022, 99.90% (2021 - 99.90%) of the fixed and call deposits were rated "A-" or better for the Group. The Company balance consists commercial paper investment made in its subsidiary company, Softlogic Finance PLC.

As at 31 March	GROUP			
	2022		2021	
	Rs. '000	Rating % of total	Rs. '000	Rating % of total
Fitch/ ICRA rating				
AAA	-	-	105,808	2.07
AA+	-	-	32,790	0.64
AA-	**929,315**	**16.97**	334,906	6.56
A+	**371,703**	**6.79**	331,319	6.49
A	**884,638**	**16.16**	31,180	0.61
A-	-	-	245,572	4.81
BBB-	**5,411**	**0.10**	5,151	0.10
Unit trust	**3,284,422**	**59.98**	4,015,425	78.72
Not rated	**212**	-	212	-
Total	**5,475,701**	**100.00**	5,102,363	100.00

NOTES TO THE FINANCIAL STATEMENTS

9.1.7 Loans to executives

The Loans to Executives portfolio consists largely of short term distress loans granted to executive staff. The respective business units have taken necessary powers of attorney/ promissory notes as collateral for the loans granted.

9.1.8 Loans and advances

As a part of the overall risk management strategy, the Boards of Directors of the respective companies in the Financial Services cluster, have delegated responsibility for the oversight of credit risk to their 'Credit Committee' and 'Integrated Risk Management Committee'. Their 'Credit Risk Monitoring Unit' reports to the 'Risk Committee' through the 'Chief Risk Officer' who is responsible for managing the company's credit risk. Steps taken to manage credit risk include:

- introduction of a comprehensive credit policy as the guideline in lending, which has strengthened the credit evaluation process
- regular evaluation of the concentration risk of credit, with the credit policy amended appropriately to ensure the credit granting process responds
- implementation of delegated authority levels, to strengthen credit screening and evaluation
- implementation of a customer rating system as a way of building a data base within the Company for efficient and effective credit evaluation
- regular discussions by both 'Credit Committee' and 'Integrated Risk Management Committee' in relation to credit risk and actions to be implemented.

The table below shows the maximum exposure to credit risk for components of the Statement of Financial Position. The maximum exposure is shown gross, before the effect of mitigation through the use of collateral agreements.

Loans and advances excluding loans to life policyholder

In Rs. '000 As at 31 March	Note	Consumer loan receivables	Factoring receivables	Gold loan receivables	Other loan receivables	Personal loan receivables	Revolving loan receivables	SME loan receivables	Group 2022	Group 2021
Assets at amortised cost										
Individually impaired										
- gross amount		-	141,677	-	2,541,771	3,465	668,969	162,356	**3,518,238**	4,305,725
- unearned income		-	-	-	(169,741)	(1)	-	(2,896)	**(172,638)**	(350,284)
Gross carrying amount		-	141,677	-	2,372,030	3,464	668,969	159,460	**3,345,600**	3,955,441
- allowance for impairment	9.1.8.2	-	(1,107)	-	(1,047,615)	(1,323)	(165,794)	(57,607)	**(1,273,446)**	(541,199)
Net carrying amount		-	140,570	-	1,324,415	2,141	503,175	101,853	**2,072,154**	3,414,242
For the rest of portfolio where collective impairment is applicable										
- gross amount		17,980	592,242	2,903,406	3,301,613	786,684	220,246	1,054,654	**8,876,825**	9,537,125
- unearned income		(1,320)	-	-	(149,229)	(66,753)	-	(6,346)	**(223,648)**	(518,268)
Gross carrying amount	9.1.8.1	16,660	592,242	2,903,406	3,152,384	719,931	220,246	1,048,308	**8,653,177**	9,018,857
- allowance for impairment	9.1.8.2	(6,417)	(22,558)	(11,665)	(794,028)	(200,861)	(4,112)	(363,958)	**(1,403,599)**	(1,318,490)
Net carrying amount		10,243	569,684	2,891,741	2,358,356	519,070	216,134	684,350	**7,249,578**	7,700,367
Total net carrying amount		10,243	710,254	2,891,741	3,682,771	521,211	719,309	786,203	**9,321,732**	11,114,609

9.1.8.1 Age analysis of facilities considered for collective impairment

In Rs. '000 As at 31 March	Consumer loan receivables	Factoring receivables	Gold loan receivables	Other loan receivables	Personal loan receivables	Revolving loan receivables	SME loan receivables	Total 2022	Total 2021
Category									
Not due/ current	3,695	148,870	1,745,064	448,603	153,571	147,227	57,706	**2,704,736**	2,928,847
Less than 30 days	287	55,733	307,972	93,892	2,747	42,660	8,656	**511,947**	769,185
31 - 60 days	2	62,714	229,284	61,405	1,227	10,513	5,142	**370,287**	428,750
61 - 90 days	72	87,299	266,607	40,054	1,185	12	3,964	**399,193**	400,944
91 - 120 days	205	237,126	183,104	46,312	793	1,579	4,703	**473,822**	261,762
121 - 150 days	78	-	102,328	36,775	1,222	797	10,748	**151,948**	383,226
151 - 180 days	294	-	51,327	107,910	3,580	-	35,801	**198,912**	225,611
above 180 days	12,027	500	17,720	2,317,433	555,606	17,458	921,588	**3,842,332**	3,620,532
Total	16,660	592,242	2,903,406	3,152,384	719,931	220,246	1,048,308	**8,653,177**	9,018,857

NOTES TO THE FINANCIAL STATEMENTS

9.1.8.2 Movement in impairment allowance for loans advances

In Rs. '000	Movement in specific impairment allowance		Movement in collective impairment allowance		Movement in impairment allowance	
As at 31 March	2022	2021	2022	2021	2022	2021
At the beginning of the year	541,199	224,659	1,318,490	1,176,786	1,859,689	1,401,445
Net impairment charge for the year	964,380	276,703	85,109	141,704	1,049,489	418,407
Other movements during the year	(87,497)	56,761	-	-	(87,497)	56,761
Write-offs during the year	(144,636)	(16,924)	-	-	(144,636)	(16,924)
At the end of the year	1,273,446	541,199	1,403,599	1,318,490	2,677,045	1,859,689

9.1.8.3 Maximum exposure to credit risk

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

As at 31 March	2022		2021	
In Rs. '000	Maximum exposure to credit risk	Net exposure	Maximum exposure to credit risk	Net exposure
Loans and receivables	9,323,826	6,432,085	11,269,789	9,019,715

9.1.9 Loans to life policyholders

Softlogic Life Insurance PLC issued loans to life policyholders of the Company considering the surrender value of their life policies as collateral. As at the reporting date, the value of policy loans granted amounted to Rs. 224.19 Mn (2021 – Rs. 221.53 Mn) and their related surrender value is more than carrying value.

9.1.10 Trade receivables

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

In Rs. '000	GROUP						COMPANY	
As at 31 March	2022			2021			2022	2021
	Non hire purchase debtors	Hire purchase debtors	Total	Non hire purchase debtors	Hire purchase debtors	Total Restated	Total	Total
Trade receivable settlement profile								
Current/ 0 - 30 days	**3,825,120**	**1,427,975**	**5,253,095**	3,711,070	1,516,936	5,228,006	**178,099**	143,565
31 - 60 days	**1,413,235**	**7,169**	**1,420,404**	982,387	15,581	997,968	**100,375**	87,858
61 - 90 days	**312,398**	**3,569**	**315,967**	455,792	10,078	465,870	**145,597**	107,429
91 - 120 days	**395,284**	**3,105**	**398,389**	316,671	9,178	325,849	**22,772**	31,903
> 121 days	**272,285**	**18,687**	**290,972**	741,927	549,290	1,291,217	**1,091,342**	634,479
Impaired	**955,251**	**1,514,089**	**2,469,340**	805,094	890,713	1,695,807	**149,799**	149,799
Gross amount	**7,173,573**	**2,974,594**	**10,148,167**	7,012,941	2,991,776	10,004,717	**1,687,984**	1,155,032
Less : Unearned income	**-**	**(165,749)**	**(165,749)**	-	(100,920)	(100,920)	**-**	-
Gross carrying value	**7,173,573**	**2,808,845**	**9,982,418**	7,012,941	2,890,856	9,903,797	**1,687,984**	1,155,032
Less : Impairment provision								
Individually assessed impairment provision	**(170,198)**	**-**	**(170,198)**	(217,742)	-	(217,742)	**(77,853)**	(77,853)
Collectively assessed impairment provision	**(785,053)**	**(1,514,089)**	**(2,299,142)**	(587,352)	(890,713)	(1,478,065)	**(71,946)**	(71,946)
Total	**6,218,322**	**1,294,756**	**7,513,078**	6,207,847	2,000,143	8,207,990	**1,538,185**	1,005,234

The requirement for impairment is analysed at each reporting date on an individual basis for major clients. Less significant receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on actual historical data.

9.1.11 Other receivables

The Group's other receivables consist mainly of dues receivables from foreign suppliers. At each reporting period end management assess the recoverability of these receivable balances and make necessary provisioning for the doubtful balances.

9.1.12 Reinsurance receivable

As a part of overall risk management strategy, the Group cedes insurance risk through proportional, non-proportional and specific risk reinsurance treaties. While these mitigate insurance risk, the recoverables from reinsurers and receivables arising from ceded reinsurance expose the Company to credit risk. Following are the steps taken to manage reinsurance risk:

- Policy guidelines are approved by the Board of Directors annually, in line with the guidelines issued by the Insurance Regulatory Commission of Sri Lanka
- Counterparties' limits are set each year and are subjected to regular reviews with management assessing the creditworthiness of reinsurers to update the reinsurance strategy and ascertain the allowance for impairment of reinsurance assets
- Outstanding reinsurance receivables are reviewed monthly to ensure that all dues are collected or set off against payables
- Close professional relationship are maintained with reinsurers
- No cover is issued without confirmation of reinsurance, except for non-reinsurance business.

As at the reporting date reinsurance receivables amounted to Rs. 412.53 Mn at 31 March 2022 (2021 - Rs. 377.00 Mn). This consists mainly of reinsurance receivables on paid claims amounting to Rs. 346.05 Mn (2021 - Rs. 328.30 Mn) and the reinsurance share of claim reserve (receivables on outstanding claims) of Rs. 66.48 Mn (2021 - Rs. 48.70 Mn) as at 31 March 2022.

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9.1.13 Amounts due from related parties

The Group's dues from related parties consists mainly of dues from associate companies and receivables from KMPs.

The Company balance consists mainly of balances due from affiliate companies.

9.1.14 Rental receivable on lease assets & hire purchase

As a part of overall risk management strategy, the Board of Directors of the Company concerned has delegated responsibility for the oversight of credit risk to its 'Board Credit Committee'. Its 'Independent Credit Risk Monitoring Unit' reports to the 'Risk Committee' through the 'Head of Credit Risk' who is responsible for managing the Company's credit risk. Following are the steps taken to manage credit risk:

- introduction of a comprehensive credit policy as the guideline in lending, which has strengthened the credit evaluation process
- formulation of that policy considering current market conditions and evaluating it quarterly to keep it in line with the market conditions
- determining the levels of service and quality of the evaluators involved in the credit evaluation process
- regular discussion in both the Credit Committee and Integrated Risk Management Committee on credit risk, with necessary actions being implemented

The table below shows the maximum exposure to credit risk for the components of the statement of financial position. This is shown gross, before the effect of mitigation through the use of collateral agreements.

In Rs. '000	Note	Rental receivable on lease assets	Rental receivable on hire purchase	Total	Rental receivable on lease assets	Rental receivable on hire purchase	Total
As at 31 March				2022			2021
Assets at amortised cost							
Individually impaired							
- gross amount		879,756	14,338	**894,094**	336,774	15,135	351,909
- unearned income		(193,236)	-	**(193,236)**	(56,607)	-	(56,607)
Gross carrying amount		686,520	14,338	**700,858**	280,167	15,135	295,302
- allowance for impairment	9.1.14.2	(81,381)	(16,877)	**(98,258)**	(45,286)	(3,794)	(49,080)
Net carrying amount		605,139	(2,539)	**602,600**	234,881	11,341	246,222
For the rest of portfolio, where collective impairment applies							
- gross amount		14,730,837	80,507	**14,811,344**	6,900,996	68,262	6,969,258
- unearned income		(3,894,760)	-	**(3,894,760)**	(1,796,255)	-	(1,796,255)
Gross carrying amount	9.1.14.1	10,836,077	80,507	**10,916,584**	5,104,741	68,262	5,173,003
- allowance for impairment	9.1.14.2	(237,013)	(19,287)	**(256,300)**	(139,356)	(17,165)	(156,521)
Net carrying amount		10,599,064	61,220	**10,660,284**	4,965,385	51,097	5,016,482
Total Net carrying amount		11,204,203	58,681	**11,262,884**	5,200,266	62,438	5,262,704

9.1.14.1 Age analysis of facilities considered for collective impairment

In Rs. '000 As at 31 March	Note	Rental receivable on lease assets	Rental receivable on hire purchase	Total 2022	Rental receivable on lease assets	Rental receivable on hire purchase	Total 2021
Category							
Not due/ current		5,394,623	1,054	**5,395,677**	3,025,386	-	3,025,386
Overdue:							
Less than 30 days		2,368,637	-	**2,368,637**	787,189	-	787,189
31 - 60 days		1,588,465	-	**1,588,465**	454,909	-	454,909
61 - 90 days		701,818	-	**701,818**	265,032	-	265,032
91 - 120 days		207,468	-	**207,468**	98,063	-	98,063
121 - 150 days		128,801	-	**128,801**	119,629	-	119,629
151 - 180 days		82,943	-	**82,943**	64,613	-	64,613
above 180 days		363,322	79,453	**442,775**	289,920	68,262	358,182
Total		10,836,077	80,507	**10,916,584**	5,104,741	68,262	5,173,003

9.1.14.2 Movement in impairment allowance

In Rs. '000	Movement in specific impairment allowance		Movement in collective impairment allowance		Total movement in impairment allowance	
As at 31 March	2022	2021	2022	2021	2022	2021
At the beginning of the year	**49,080**	21,445	**156,521**	128,881	**205,601**	150,326
Net impairment charge for the year	**49,178**	27,635	**99,779**	27,640	**148,957**	55,275
At the end of the year	**98,258**	49,080	**256,300**	156,521	**354,558**	205,601

9.1.14.3 Maximum exposure to credit risk

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

In Rs. '000 As at 31 March	2022 Maximum exposure to credit risk	2022 Net exposure	2021 Maximum exposure to credit risk	2021 Net exposure
Lease and hire purchase receivables	**11,262,884**	**Nil**	5,262,704	Nil

9.1.15 Cash in hand and at bank

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

9.2 Market risk

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

Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include: borrowings, trade payables, short term investments and equity investments.

NOTES TO THE FINANCIAL STATEMENTS

9.2.1 Interest rate risk

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

9.2.1.1 Exposure to interest rate risk

The interest rate profile of the Group's interest bearing financial instruments as reported to Group management is as follows:

In Rs. '000	GROUP		COMPANY	
	Nominal amount		Nominal amount	
As at 31 March	2022	2021 Restated	2022	2021
Fixed rate instrument				
Financial assets	**55,137,297**	43,584,782	**679,075**	-
Financial liabilities	**(60,180,723)**	(48,554,103)	**(16,352,443)**	(20,929,855)
	(5,043,426)	(4,969,321)	**(15,673,368)**	(20,929,855)
Variable rate instruments				
Financial assets	**13,158,650**	10,535,065	**15,750,031**	22,478,114
Financial liabilities	**(54,412,868)**	(55,971,009)	**(19,512,380)**	(12,131,921)
	(41,254,218)	(45,435,944)	**(3,762,349)**	10,346,193

9.2.1.2 Interest rate sensitivity

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

In Rs. '000	Nominal amount		Nominal amount	
	Rupee borrowings	Other currencies	Group	Company
2022	**+ 400 b.p**	**+ 200 b.p**	**(1,387,008)**	**(150,494)**
	- 400 b.p	**- 200 b.p**	**1,387,008**	**150,494**
2021	+ 400 b.p	+ 200 b.p	(1,573,467)	(413,848)
	- 400 b.p	- 200 b.p	1,573,467	413,848

The spread of basis points used for the interest rate sensitivity analysis is based on the currently observable market environment.

9.2.2 Foreign currency risk

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

Management has set up a policy that requires the Company and its subsidiaries to manage their foreign exchange risk with limits on maximum exposure.

9.2.2.1 Foreign currency sensitivity

The following table demonstrates the sensitivity to possible changes in the USD/RS exchange rate, provided that all other variables are held constant.

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

In Rs. '000	Increase in exchange rate USD	Effect on profit before tax	Effect on equity
2022	**+ 25%**	**(3,168,834)**	**(2,400,750)**
	- 25%	**3,168,834**	**2,400,750**
2021 - Restated	+ 7%	(426,735)	(407,402)
	- 7%	529,748	407,402

The Group manages its foreign currency risk using a balanced approach involving forward contracts on exposures expected to occur within a maximum 24 month period.

Where the nature of the hedging is not economic, it is the Group's policy to negotiate with counterparties or banks to obtain most advantage position for the Group.

9.2.2.2 Foreign exchange risk in operating activities

The exposure is mainly from foreign currency obligations arising out of operating activities where fluctuation of foreign exchange rate may occur during a credit period of 3 - 6 months.

9.2.3 Equity price risk

9.2.3.1 Listed equity investments

The Group holds listed and unlisted equity securities which are susceptible to market-price risk arising from uncertainties about future values of these securities.

The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Periodic reports on equity investment portfolios are submitted to the senior management of individual business segments. The respective Boards of Directors review and approve all equity investment decisions.

Group

As at 31 March	Financial assets at fair value through profit or loss				Financial assets at fair value through OCI			
	2022		2021		2022		2021	
	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%
Banks	**3,629**	**3.77**	58,035	26.95	**1,463,117**	**100.00**	1,534,642	90.24
Banks, Finance & Insurance	**-**	**-**	890	0.41	**-**	**-**	-	-
Capital goods	**16,622**	**17.26**	31,493	14.63	**35**	**-**	73,681	4.33
Consumer durable and apparel	**7,925**	**8.23**	24,929	11.58	**-**	**-**	28,089	1.65
Consumer Services	**12**	**0.01**	12	0.01	**-**	**-**	-	-
Diversified Financials	**22,526**	**23.40**	10,928	5.07	**-**	**-**	-	-
Energy	**5,196**	**5.40**	1,201	0.55	**-**	**-**	11,495	0.68
Food, beverage and tobacco	**-**	**-**	-	-	**-**	**-**	52,662	3.10
Insurance	**205**	**0.21**	98	0.05	**-**	**-**	-	-
Materials	**49**	**0.05**	85,478	39.70	**-**	**-**	-	-
Retailing	**-**	**-**	1,300	0.60	**-**	**-**	-	-
Transportation	**40,118**	**41.67**	-	-	**-**	**-**	-	-
Utilities	**-**	**-**	970	0.45	**-**	**-**	-	-
	96,282	**100.00**	215,334	100.00	**1,463,152**	**100.00**	1,700,569	100.00

NOTES TO THE FINANCIAL STATEMENTS

Company

As at 31 March	Financial assets at fair value through profit or loss			
	2022		2021	
	Rs. '000	%	Rs. '000	%
Banks	**3,524**	**64.41**	4,675	79.56
Energy	**1,947**	**35.59**	1,201	20.44
	5,471	**100.00**	5,876	100.00

9.2.3.2 Unquoted equity investments

Investments in unquoted investments are made with the board approval.

9.2.3.3 Sensitivity analysis

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

This table consider only quoted equity shares classified as short term and long term financial assets.

In Rs. '000		GROUP		COMPANY	
	Change in equity price	Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
2022					
Quoted equity investments listed on the Colombo Stock Exchange	**+ 20%**	**19,256**	**292,630**	**1,094**	**Nil**
	- 20%	**(19,256)**	**(292,630)**	**(1,094)**	**Nil**
2021					
Quoted equity investments listed on the Colombo Stock Exchange	+ 15%	32,300	255,085	881	Nil
	- 15%	(32,300)	(255,085)	(881)	Nil

9.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, finance leases and hire purchase contracts that will always have sufficient liquidity to meet its liabilities when due under normal and stressed conditions. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficient and debt maturing within 12 months can be rolled over with existing lenders.

9.3.1 Net debt

In Rs. '000 As at 31 March	GROUP		COMPANY	
	2022	2021 Restated	2022	2021
Short term investments	**15,064,502**	12,243,650	**784,846**	110,576
Cash in hand and at bank	**9,123,612**	7,580,819	**1,485,572**	1,530,983
Total liquid assets	**24,188,114**	19,824,469	**2,270,418**	1,641,559
Other current financial liabilities	**37,678,829**	26,504,535	**22,674,666**	19,554,760
Current portion of interest bearing borrowings	**15,608,025**	11,840,103	**7,438,756**	5,626,376
Current portion of lease liabilities	**1,824,452**	1,409,733	**37,495**	5,755
Bank overdrafts	**6,689,573**	6,039,903	**150,329**	154,411
Total liabilities	**61,800,879**	45,794,274	**30,301,246**	25,341,302
Net debt	**37,612,765**	25,969,805	**28,030,828**	23,699,743
Adjustments for;				
Unutilised approved banking facilities	**3,271,554**	5,924,629	**5,964**	1,612,600
	34,341,211	20,045,176	**28,024,864**	22,087,143

Further the Group will utilise excess liquidity through operating cycle, restructuring of short term financial commitments, funds available through commercial papers and revolving loan facilities as positive cash flows to the manage the liquidity position of the Group.

9.3.2 Liquidity risk management

An optional combination of positive and negative cash flows along with investment returns and contractual obligation maturing is collated through an intra-day cash reporting system for all business segments. High value contractual outflows are processed through various control filters. The Group is in the process of building a "Liquidity Dashboard" with the implementation of its ERP program. This would help further accelerate the review and identification of debt maturities relating to net liquidity position on a daily basis and thus enable proactive funding mobilisation and reinvestment of cash surpluses, and re-scheduling maturity profiles to de-stress cash flows and align them with actual investment tenors. This would engender optimal liquidity positioning, reduce borrowing cost and enhance reinvestment income.

9.3.3 Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2022 based on contractual undiscounted payments.

In Rs. '000	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	Total
Interest bearing loans and borrowings	19,632,977	12,973,373	11,124,139	12,055,266	5,221,621	7,228,321	68,235,697
Lease liability	1,925,925	1,727,265	1,380,583	1,167,661	750,479	5,357,287	12,309,200
Other non-current financial liabilities	-	-	-	220,770	518,059	-	738,829
Trade and other payables	29,157,350	-	-	-	-	-	29,157,350
Amounts due to related parties	28,919	-	-	-	-	-	28,919
Other current financial liabilities	37,678,829	-	-	-	-	-	37,678,829
Public deposits	13,793,949	1,559,498	992,883	269,434	122,470	-	16,738,234
Bank overdrafts	6,689,573	-	-	-	-	-	6,689,573
	108,907,522	16,260,136	13,497,605	13,713,131	6,612,629	12,585,608	171,576,631

NOTES TO THE FINANCIAL STATEMENTS

The table below summarises the maturity profile of the Company's financial liabilities at 31 March 2022 based on contractual undiscounted payments.

In Rs. '000	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	Total
Interest bearing loans and borrowings	8,036,760	3,758,570	1,581,090	1,116,232	474,451	30,748	**14,997,851**
Lease liabilities	64,906	39,699	37,465	36,936	36,936	184,301	**400,243**
Trade and other payables	188,140	-	-	-	-	-	**188,140**
Amounts due to related parties	49,171	-	-	-	-	-	**49,171**
Other current financial liabilities	22,674,666	-	-	-	-	-	**22,674,666**
Bank overdrafts	150,329	-	-	-	-	-	**150,329**
	31,163,972	3,798,269	1,618,555	1,153,168	511,387	215,049	**38,460,400**

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2021 based on contractual undiscounted payments.

In Rs. '000	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	Total Restated
Interest bearing loans and borrowings	16,107,342	12,288,508	9,553,552	8,506,479	9,084,550	6,590,558	62,130,989
Lease liabilities	1,889,689	1,597,303	1,136,616	839,817	575,151	2,349,241	8,387,817
Other non-current financial liabilities	-	378,997	163,500	135,000	-	154,609	832,106
Trade and other payables	23,394,583	-	-	-	-	-	23,394,583
Amounts due to related parties	31,992	-	-	-	-	-	31,992
Other current financial liabilities	26,504,535	-	-	-	-	-	26,504,535
Public deposits	12,129,541	1,726,903	735,147	1,229,755	220,851	-	16,042,197
Bank overdrafts	6,039,903	-	-	-	-	-	6,039,903
	86,097,585	15,991,711	11,588,815	10,711,051	9,880,552	9,094,408	143,364,122

The table below summarises the maturity profile of the Company's financial liabilities at 31 March 2021 based on contractual undiscounted payments.

In Rs. '000	Within 1 year	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	More than 5 years	Total
Interest bearing loans and borrowings	6,826,380	4,238,032	2,000,964	1,374,271	895,366	241,776	15,576,789
Lease liabilities	7,385	6,449	5,099	1,275	-	-	20,208
Trade and other payables	75,652	-	-	-	-	-	75,652
Amounts due to related parties	49,202	-	-	-	-	-	49,202
Other current financial liabilities	19,554,760	-	-	-	-	-	19,554,760
Bank overdrafts	154,411	-	-	-	-	-	154,411
	26,667,790	4,244,481	2,006,063	1,375,546	895,366	241,776	35,431,022

9.3.4 Capital management

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

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

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2022.

The Group monitors capital using a gearing ratio for the Company and subsidiaries, net debt divided by total capital plus net debt, which is monitored closely by senior management. Net debt of the Group includes, all interest bearing loans and borrowings less cash and cash equivalents.

In Rs. '000 As at 31 March	GROUP 2022	 2021 Restated	COMPANY 2022	 2021
Net debt	**89,822,389**	75,004,271	**34,369,035**	31,516,783
Equity	**5,597,464**	12,006,452	**14,366,251**	14,995,073
Capital and total net debt	**95,419,853**	87,010,723	**48,735,286**	46,511,856
Gearing ratio - (X)	**0.94**	0.86	**0.71**	0.68

10 FAIR VALUE MEASUREMENT AND RELATED FAIR VALUE DISCLOSURE

Fair value measurement

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value are disclosed in this note. Apart from this note, additional fair value related disclosures, including the valuation methods, significant estimates and assumptions are also provided in:

	Note
Property, plant and equipment under revaluation model	21
Investment properties	23
Investment in unquoted equity shares	27
Financial instruments	11

ACCOUNTING POLICY

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

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

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

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

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

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted equity instruments, and for non-recurring measurement, such as assets held-for-sale in discontinued operations.

External valuers are involved for valuation of significant assets, such as land and building and investment properties, and significant liabilities, such as insurance contracts. Selection criteria for external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

NOTES TO THE FINANCIAL STATEMENTS

10.1 Financial assets and liabilities by fair value hierarchy - Group

The Group held the following financial instruments carried at fair value in the statement of financial position:

Financial assets

In Rs. '000	Level 1		Level 2		Level 3	
As at 31 March	2022	2021	2022	2021	2022	2021
Financial assets						
Financial assets at fair value through OCI						
Quoted equity instruments	1,463,152	1,700,568	-	-	-	-
Unquoted equity instruments	-	-	-	-	471,350	490,680
Debt instruments	909,541	1,508,645	-	-	-	-
Financial assets at fair value through P&L						
Quoted equity instruments	96,281	215,334	-	-		
Debt instruments	143,312	713,619	-	-	764,109	730,402
Unit Trust	-	-	3,284,173	3,696,512	-	-
Total	2,612,286	4,138,166	3,284,173	3,696,512	1,235,459	1,221,082
Liabilities measured at fair value						
Financial liabilities at fair value through P&L						
Other current financial liabilities	-	-	-	-	-	154,609
Total	-	-	-	-	-	154,609

The fair value of all the listed equity instruments as at 31 March 2022 based on the closing traded prices that existed as of 31 March 2022.

Non financial assets

In Rs. '000	Level 1		Level 2		Level 3	
As at 31 March	2022	2021	2022	2021	2022	2021
Non financial assets measured at fair value						
Land and buildings	-	-	-	-	35,515,308	28,199,374
Buildings on leasehold land	-	-	-	-	9,935,995	9,935,995
Investment property	-	-	-	-	2,175,037	1,913,880
Total	-	-	-	-	47,626,340	40,049,249

In determining the fair value of non financial assets measured at fair value, highest and best use of the property has been considered including the current condition of the properties, future usability and associated redevelopment requirements. Also, the valuers have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

10.2 Financial assets and liabilities by fair value hierarchy - Company

The Company held the following financial instruments carried at fair value in the statement of financial position:

Financial assets

In Rs. '000	Level 1		Level 2		Level 3	
As at 31 March	2022	2021	2022	2021	2022	2021
Financial assets						
Financial assets at fair value through P&L						
Quoted equity instruments	5,471	5,876	-	-	-	-
Debt instruments	-	-	-	-	679,075	-
Financial assets at fair value through OCI						
Unquoted equity instruments		-	-	-	100,300	104,700
Total	5,471	5,876	-	-	779,375	104,700

The fair value of all the listed equity instruments as at 31 March 2022 based on the closing traded prices that existed as of 31 March 2022.

Non financial assets

In Rs. '000	Level 1		Level 2		Level 3	
As at 31 March	2022	2021	2022	2021	2022	2021
Non financial assets measured at fair value						
Investment property	-	-	-	-	939,705	822,700
Total	-	-	-	-	939,705	822,700

In determining the fair value of non financial assets measured at fair value, highest and best use of the property has been considered including the current condition of the properties, future usability and associated redevelopment requirements. Also, the valuers have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

Reconciliation of fair value measurements of level 3 financial instruments

The Group and Company carries unquoted equity shares are classified as Level 3 within the fair value hierarchy. A reconciliation of the beginning and closing balances including movements is summarised below:

In Rs. '000	Financial assets at fair value through OCI			
	GROUP		COMPANY	
	2022	2021	2022	2021
At the beginning of the year	490,680	483,560	104,700	109,900
Transfer due to change in controlling stake	-	30,000	-	-
Remeasurement recognised in OCI	(19,330)	(22,880)	(4,400)	(5,200)
At the end of the year	471,350	490,680	100,300	104,700

NOTES TO THE FINANCIAL STATEMENTS

Valuation of level 3 : unquoted equity instruments

The fair valuation of level 3 : unquoted equity instruments is measured using internal model of adjusted net asset for illiquidity. Fair value would not significantly vary if one or more of the inputs were changed.

Fair value measurement of Level 3 financial instruments mainly consists the investment made in Cargills Bank Ltd (90%). When deciding illiquidity premium, the Group has considered following factors.

- the recent acquisition of Finance Companies had taken place at more than the net asset value of target investee
- the Bank is in the possession of regular license

This table consider only unquoted equity shares classified level 3 financial assets.

In Rs. '000	Variable	Change	Effect on equity Group	Effect on equity Company
2022				
Unquoted equity investments classified as level 3 within the fair value hierarchy	Illiquidity	**+1%**	**(4,840)**	**(1,100)**
	premium	**-1%**	**4,840**	**1,100**
2021				
Unquoted equity investments classified as level 3 within the fair value hierarchy	Illiquidity	+1%	(4,840)	(1,100)
	premium	-1%	4,840	1,100

11. FINANCIAL INSTRUMENTS

11.1 Financial assets

ACCOUNTING POLICY

Initial recognition and subsequent measurement

Initial recognition and measurement

Financial assets within the scope of SLFRS 9 are classified as amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. This assessment is referred to as the SPPI test and is performed at an instrument level. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification. For the purpose of subsequent measurement financial assets are classified in four categories.

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

Debt instruments

Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The Group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows: and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets at amortised cost includes trade receivables and short term investments.

Financial assets at fair value through OCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling: and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/ (losses) and impairment expenses are presented as separate line item in the income statement.

Equity instruments

Financial assets designated at fair value through OCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the income statement when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the income statement.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the income statement when the right of payment has been established.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE FINANCIAL STATEMENTS

11.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the income statement.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in income statement when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the income statement.

Derecognition

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

Off-setting of financial instruments

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

Derivative financial instruments and hedge accounting - Initial recognition and subsequent measurement

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

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the statement of comprehensive income. The gain or loss in relation to ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When the forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible.

Where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors that could affect the reported fair value of financial instruments, are further explained in note 11.

Derivative financial instruments

Initial recognition and subsequent measurement

Initial recognition and subsequent measurement The Group uses derivative financial instruments such as forward currency contracts, interest rate swaps and forward commodity contracts to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the income statement.

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives either as,

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge)
- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge)
- hedges of a net investment in a foreign operation (net investment hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and the hedged items, as well as its risk management objectives and strategies for undertaking various hedging transactions. The company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 39.5. Movements on the hedging reserve on the statement of comprehensive income are shown in the same note. The fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

Financial instruments

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

Financial assets by category - Group

In Rs. '000	Financial assets at amortised cost		Financial assets at fair value through OCI		Financial assets fair value through profit or loss		Total	
As at 31 March	2022	2021 Restated	2022	2021	2022	2021	2022	2021 Restated
Financial instruments in non-current assets								
Non-current financial assets	**22,496,715**	15,741,238	**2,743,743**	3,595,193	**907,421**	960,628	**26,147,879**	20,297,059
Rental receivable on lease assets and hire purchase	**10,218,694**	4,596,942	-	-	-	-	**10,218,694**	4,596,942
Financial instruments in current assets								
Trade and other receivables	**9,505,878**	11,751,858	-	-	-	-	**9,505,878**	11,751,858
Loans and advances	**7,266,487**	8,989,576	-	-	-	-	**7,266,487**	8,989,576
Rental receivable on lease assets and hire purchase	**1,044,190**	665,762	-	-	-	-	**1,044,190**	665,762
Amounts due from related parties	**1,902,457**	2,274	-	-	-	-	**1,902,457**	2,274
Short term investments	**11,583,748**	7,743,711	**100,300**	104,700	**3,380,454**	4,395,239	**15,064,502**	12,243,650
Cash in hand and at bank	**9,123,612**	7,580,819	-	-	-	-	**9,123,612**	7,580,819
Total	**73,141,781**	57,072,180	**2,844,043**	3,699,893	**4,287,875**	5,355,867	**80,273,699**	66,127,940

Financial liabilities by category - Group

In Rs. '000	Financial assets at fair value through OCI		Financial assets fair value through profit or loss		Total	
As at 31 March	2022	2021	2022	2021 Restated	2022	2021 Restated
Financial instruments in non-current liabilities						
Interest bearing borrowings	-	-	**38,969,574**	38,200,549	**38,969,574**	38,200,549
Lease liability	-	-	**6,112,687**	4,117,610	**6,112,687**	4,117,610
Public deposits	-	-	**2,516,825**	3,035,139	**2,516,825**	3,035,139
Other non-current financial liabilities	-	154,609	**738,829**	677,497	**738,829**	832,106
Financial instruments in current liabilities						
Trade and other payables	-	-	**29,157,350**	23,394,583	**29,157,350**	23,394,583
Amounts due to related parties	-	-	**28,919**	31,992	**28,919**	31,992
Other current financial liabilities	-	-	**37,678,829**	26,504,535	**37,678,829**	26,504,535
Current portion of interest bearing borrowings	-	-	**15,608,025**	11,840,103	**15,608,025**	11,840,103
Current portion of lease liability	-	-	**1,824,452**	1,409,733	**1,824,452**	1,409,733
Public deposits	-	-	**13,065,182**	11,545,678	**13,065,182**	11,545,678
Bank overdrafts	-	-	**6,689,573**	6,039,903	**6,689,573**	6,039,903
Total	-	154,609	**152,390,245**	126,797,322	**152,390,245**	126,951,931

Financial instruments

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

Financial assets by category - Company

In Rs. '000	Financial assets at amortised cost		Financial assets at fair value through OCI		Financial assets fair value through profit or loss		Total	
As at 31 March	2022	2021	2022	2021	2022	2021	2022	2021
Financial instruments in non-current assets								
Non-current financial assets	**1,658,170**	1,841,118	-	-	-	-	**1,658,170**	1,841,118
Financial instruments in current assets								
Trade and other receivables	**2,307,010**	1,032,074	-	-	-	-	**2,307,010**	1,032,074
Amounts due from related parties	**15,235,917**	21,143,871	-	-	-	-	**15,235,917**	21,143,871
Short term investments	**679,075**	-	**100,300**	104,700	**5,471**	5,876	**784,846**	110,576
Cash in hand and at bank	**1,485,572**	1,530,983	-	-	-	-	**1,485,572**	1,530,983
Total	**21,365,744**	25,548,046	**100,300**	104,700	**5,471**	5,876	**21,471,515**	25,658,622

Financial liabilities by category - Company

In Rs. '000	Financial liabilities measured at amortised cost		Total	
As at 31 March	2022	2021	2022	2021
Financial instruments in non-current liabilities				
Interest bearing borrowings	**5,590,856**	7,712,219	**5,590,856**	7,712,219
Lease liability	**203,879**	11,489	**203,879**	11,489
Financial instruments in current liabilities				
Trade and other payables	**188,140**	75,652	**188,140**	75,652
Amounts due to related parties	**49,171**	49,202	**49,171**	49,202
Other current financial liabilities	**22,674,666**	19,554,760	**22,674,666**	19,554,760
Current portion of interest bearing borrowings	**7,438,756**	5,626,376	**7,438,756**	5,626,376
Current portion of lease liability	**37,495**	5,755	**37,495**	5,755
Bank overdrafts	**150,329**	154,411	**150,329**	154,411
Total	**36,333,292**	33,189,864	**36,333,292**	33,189,864

NOTES TO THE FINANCIAL STATEMENTS

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

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

- Fair value of quoted equities, debentures and bonds is based on price quotations in an active market at the reporting date.
- The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- Fair value of unquoted ordinary shares has been estimated using a Discounted Cash Flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.
- Approximately 44% of loans and advances, rental receivable on lease assets and hire purchase have a remaining maturity of less than one year. Therefore, fair value of the lending portfolio approximates to the carrying value at the reporting date. All loans and advances are granted with fixed interest rate terms.

12. SRI LANKA ACCOUNTING STANDARDS (SLFRS) ISSUED BUT NOT YET EFFECTIVE

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

SLFRS - 17 Insurance Contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

This supersedes SLFRS 4 Insurance Contracts that was issued in 2005. Earlier application is permitted providing that for entities that apply SLFRS 9 Financial Instruments and SLFRS 15 Revenue from Contracts with customers.

A few scope exceptions will apply. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SLFRS 4, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short duration contracts

The Group has an implementation program underway to implement SLFRS 17. The program is responsible for setting accounting policies and developing application methodologies, establishing appropriate processes and controls, sourcing appropriate date and implementing actuarial and finance system changes.

The Group is intended to adopt the SLFRS 17 financial statements on its mandatory effective date, which is currently expected to be 2023.

LKAS - 37 Provisions, Contingent Liabilities and Contingent Assets : Onerous Contracts - Costs of Fulfilling a Contract

In 25 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets (LKAS 37) to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

LKAS - 16 Property, Plant and Equipment : Proceeds before Intended Use

In 25 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued LKAS 16 Property, Plant and

Equipment - Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

SLFRS - 3 Business Combinations : Updating a reference to conceptual framework

In 23 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to SLFRS 3 Business Combinations - Updating a Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of financial statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

An exception was also added to the recognition principle of SLFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of LKAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, it was decided to clarify existing guidance in SLFRS 3 for contingent assets that would not be affected by replacing the reference to the framework for the preparation and presentation of financial statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

SLFRS - 1 First-time Adoption of Sri Lanka Financial Reporting Standards : Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to SLFRS 1 First-time Adoption of International Financial Reporting Standards (SLFRS 1). The amendment permits a subsidiary that elects to apply paragraph D16(a) of SLFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to SLFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of SLFRS 1.

SLFRS 9 - Financial Instruments : Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to SLFRS 9 Financial Instruments (SLFRS 9). The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

NOTES TO THE FINANCIAL STATEMENTS

13. REVENUE

ACCOUNTING POLICY

Continuing operations

Revenue recognition

Revenue from contracts with customers

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

Sale of goods

Under SLFRS 15 - Revenue from contracts with customers, revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of goods.

Rendering of services

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

The Group has several operating segments which are described in Note 48 to these financial statements.

Performance obligations

The Group's uses following specific criteria in recognising the revenue.

Financial Services

Life insurance business - Gross Written Premiums (GWP)

Gross written premiums comprise the total premiums received/ receivable for the whole period of cover provided by contracts entered into during the accounting period. Gross written premium is generally recognised in full at the inception of the policy.

Gross recurring premiums on life insurance contracts are recognised as revenue when payable by the policyholder (policies within the 30 day grace period are considered as due). Premiums received in advance are not recorded as revenue and recorded as a liability until the premium is due unless the relevant policy conditions require such premiums to be recognised as income. Benefits and expenses are provided against such revenue to recognise profits over the estimated life of the policies. For single premium business, revenue is recognised on the date on which the policy is effective.

Income from leases, hire purchases, loans and advances

Under both SLFRS 9 and LKAS 39, interest income and interest expense is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. Interest income on interest bearing financial assets measured at FVOCI under SLFRS 9, similarly to interest bearing financial assets classified as available for sale or held to maturity under LKAS 39 is also recorded by using the EIR method. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

Interest income on overdue rentals

Overdue charges of leasing, loans and hire purchases have been accounted when the receipt in established.

Healthcare Services

Healthcare sector revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured, regardless of when the payment is being made after considering discounts, offers given to the customers, consultations, and services provided under packages.

Retail Sector

Retail sector revenue is recognised upon satisfaction of a performance obligation. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, which is generally upon delivery of the goods. The output method will provide a faithful depiction in recognising revenue.

Contract Balances

Contract assets

Contract assets are the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer, with rights that are conditional on some criteria other than the passage of time. Upon satisfaction of the conditions, the amounts recognised as contract assets are reclassified to trade receivables.

Contract liabilities

Contract liabilities are the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or the amount is due) from the customer. Contract liabilities include long-term advances received to deliver goods and services, short-term advances received to render certain services.

In Rs. '000	GROUP		COMPANY	
For the year ended 31 March	2022	2021	2022	2021
Goods transferred at a point in time	63,681,676	47,165,298	-	-
Services transferred at a point in time	25,443,457	17,983,533	978,493	893,104
Total revenue from contracts with customers	89,125,133	65,148,831	978,493	893,104
Revenue from insurance contracts	19,165,724	15,066,694	-	-
Interest income on lease and hire purchase receivables	1,538,314	676,567	-	-
Interest income	1,399,504	1,728,500	-	-
	111,228,675	82,620,592	978,493	893,104

13.1 Business segment analysis

In Rs. '000	GROUP	
For the year ended 31 March	2022	2021
Automobiles	504,195	570,860
Financial Services	22,597,480	17,858,728
Healthcare Services	22,350,970	15,798,881
Information Technology	6,708,344	4,284,583
Leisure	1,225,582	648,462
Other	5,919	9,904
Retail	57,836,185	43,449,174
	111,228,675	82,620,592

14. DIVIDEND INCOME

ACCOUNTING POLICY

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

In Rs. '000	COMPANY	
For the year ended 31 March	2022	2021
Dividend income from investments in subsidiaries and equity accounted investees	1,712,285	1,229,188
	1,712,285	1,229,188

NOTES TO THE FINANCIAL STATEMENTS

15. OTHER OPERATING INCOME

ACCOUNTING POLICY

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.

Fee and commission income

Fee and commission income from services includes mainly documentation and processing fees for the service provided in processing loan facilities for customers.

Other income

Other income is recognised on an accrual basis.

In Rs. '000	GROUP		COMPANY	
For the year ended 31 March	2022	2021	2022	2021
Commission income	34,220	50,721	18,018	36,036
Fees received	170,339	144,842	-	-
Maturity of put option liability	154,609	-	-	-
Other laboratory income	61,132	59,799	-	-
Profit on disposal of investments	107	32,109	-	410,500
Profit on sale of property, plant and equipment	16,893	9,439	6,157	6,903
Sundry income	949,696	524,600	11,934	10,823
	1,386,996	821,510	36,109	464,262

16. FINANCE INCOME

ACCOUNTING POLICY

Finance income comprises interest income on funds invested, dividend income, fair value gains on financial assets at fair value through profit or loss and gains on the re-measurement to fair value of any pre-existing interest in an acquiree recognised in the income statement.

Interest income is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income on the income statement.

In Rs. '000	GROUP		COMPANY	
For the year ended 31 March	2022	2021	2022	2021
Interest income	681,270	258,829	1,457,585	1,965,673
Dividend income on				
- financial assets at fair value through OCI	7,520	51,633	-	-
- financial assets at fair value through P&L	1,515	4,625	-	-
Net change in fair value of financial instruments at fair value through P&L	319,129	569,881	(405)	735
Exchange gain on foreign currency financial instruments	1,391,747	433,248	-	-
Finance income on other financial instruments	2,306,683	1,562,391	266,571	204,933
	4,707,864	2,880,607	1,723,751	2,171,341

17. FINANCE COSTS

ACCOUNTING POLICY

Finance costs comprise interest expenses on borrowings, unwinding of the discount on provisions, fair value losses on financial assets at fair value through profit or loss and impairment losses recognised on financial assets (other than trade receivables).

Interest expense is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments through the expected life of the financial instrument or a shorter period where appropriate, to the net carrying amount of the financial liability.

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

In Rs. '000 For the year ended 31 March	GROUP		COMPANY	
	2022	2021 Restated	2022	2021
Interest expense on borrowings	4,914,075	5,257,817	1,126,494	1,253,008
Finance cost on other financial instruments	1,909,241	1,726,156	2,137,242	2,072,399
Fair value loss on financial assets at fair value through P&L	135,980	19,303	-	-
Exchange loss on foreign currency loan conversion	5,661,699	321,642	-	-
Finance cost on right of use assets	799,700	692,170	12,361	3,903
Other finance expenses	307,693	333,284	33,842	34,778
	13,728,388	8,350,372	3,309,939	3,364,088

NOTES TO THE FINANCIAL STATEMENTS

18. PROFIT/ (LOSS) BEFORE TAX

ACCOUNTING POLICY

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.

Profit/ (loss) before tax is stated after charging all expenses including the following:

In Rs. '000	GROUP		COMPANY	
For the year ended 31 March	2022	2021	2022	2021
Remuneration to Executive and Non-Executive Directors	**453,724**	359,527	**55,858**	46,530
Auditors' remuneration				
- Audit	**36,339**	25,711	**2,872**	2,158
- Non audit	**21,368**	5,518	**1,769**	429
Cost of defined employee benefit				
- Defined benefit plan cost	**302,647**	333,769	**22,180**	19,141
- Defined contribution plan cost - EPF/ETF	**1,295,901**	983,271	**44,066**	38,415
Staff expenses	**10,335,764**	8,310,026	**344,673**	279,620
Depreciation of property, plant and equipment	**3,508,460**	3,360,804	**27,429**	27,439
Amortisation/ impairment of intangible assets	**319,553**	295,270	**2,269**	3,612
Amortisation of rights of use assets	**1,828,595**	1,610,387	**34,684**	34,378
Donations	**11,956**	5,235	**-**	179
Provisions for/ write off of impaired receivables	**2,902,544**	595,291	**820,312**	13,178
Provision for impairment of inventories	**128,888**	152,305	**-**	-
Profit on sale of property, plant and equipment	**(16,893)**	(9,439)	**(6,157)**	(6,903)
Impairment and derecognition of property, plant and equipment	**4,985**	3,167	**-**	-
Provision for impairment of investments	**709,291**	45,438	**1,000**	-
Write-off of balances due to errors in the statement of financial position	**1,205,303**	343,294	**-**	-

19. TAXATION

19.1 Income tax

ACCOUNTING POLICY

Current tax

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

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

Management has used its judgment on the application of tax laws including transfer pricing regulations involving identification of associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanisms.

19.1.1 Tax expense

In Rs. '000 For the year ended 31 March	GROUP 2022	 2021	COMPANY 2022	 2021
Current income tax				
Current tax charge	1,406,712	499,231	-	-
Under/(Over) provision of income tax of previous years	79,868	(34,783)	-	-
Write-off of tax receivables	94,507	91,256	21,787	-
Withholding tax on dividends	-	28,000	-	-
Total income tax expense	1,581,087	583,704	21,787	-
Deferred income tax				
Relating to origination and reversal of temporary differences	135,412	(386,546)	24,204	(29,613)
	1,716,499	197,158	45,991	(29,613)

19.1.2 Reconciliation between current tax charge and the accounting profit

In Rs. '000 For the year ended 31 March	GROUP 2022	 2021 Restated	COMPANY 2022	 2021
Profit/ (loss) before tax	(3,561,287)	(3,810,899)	(570,828)	726,152
Dividend income from Group companies	4,698,608	4,271,273	-	-
Share of profit of equity accounted investees	12,575	23,697	-	-
Other consolidation adjustments	(871,907)	102,406	-	-
Profit/ (loss) after adjustment	277,989	586,477	(570,828)	726,152
Exempt profits	(77,969)	(115,792)	-	-
Income not liable for income tax	(502,080)	(244,612)	-	-
Resident dividend	(1,064,287)	56,259	-	-
Adjusted accounting profit/ (loss) chargeable to income taxes	(1,366,347)	282,332	(570,828)	726,152
Deductible expenses	(7,073,389)	(8,116,377)	(1,218,311)	(529,166)
Non deductible expenses	14,217,747	8,630,125	932,935	781,129
Current year tax losses not utilised	6,779,696	7,163,812	-	-
Set off against tax losses	(4,953,377)	(5,652,152)	(11,734)	(1,234,915)
Taxable income/ (Loss)	7,604,330	2,307,740	(867,938)	(256,800)

NOTES TO THE FINANCIAL STATEMENTS

19.1.3 Reconciliation between tax expense and the product of accounting profit

In Rs. '000	GROUP		COMPANY	
For the year ended 31 March	2022	2021	2022	2021
Tax effect on chargeable profits	1,273,563	642,997	-	-
Tax effect on deductible expenses	(684,293)	(259,174)	-	-
Tax effect on non deductible expenses	817,442	115,408	-	-
Under/ (over) provision for previous years	79,868	(34,783)	-	-
Other income based taxes				
Withholding tax on dividends	-	28,000	-	-
Total income tax expense	1,486,580	492,448	-	-
Income tax charged at				
Standard rate	1,375,147	499,231	-	-
Other concessionary rates	31,565	-	-	-
Under/ (over) provision for previous year	79,868	(34,783)	-	-
Charge for the year	1,486,580	464,448	-	-
Other tax expenses				
Write-off of tax receivables	94,507	91,256	21,787	-
Other income based taxes				
Withholding tax on dividends	-	28,000	-	-
Total income tax expense	1,581,087	583,704	21,787	-

Group tax expense is based on the taxable profit of individual companies within the Group. At present the tax laws of Sri Lanka do not provide for Group taxation.

19.1.4 Income tax liabilities

In Rs. '000	GROUP	
As at 31 March	2022	2021
At the beginning of the year	66,123	189,389
Charge for the year	1,486,580	492,448
Acquisition of subsidiary	-	4,285
Payments and set off against refunds	(753,925)	(619,999)
At the end of the year	798,778	66,123

19.2 Deferred tax

ACCOUNTING POLICY

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

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

- 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 and associates, except where the timing of the reversal of the temporary differences can be controlled, and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

Deferred tax relating to items recognised outside the income statement is recognised outside the income statement, either in other comprehensive income or directly in equity.

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

No deferred tax asset or liability has been recognised in the companies enjoying Board of Investment (BOI) Tax Holidays' if no qualifying assets or liabilities continue beyond the BOI period.

19.2.1 Deferred tax charge / (release)

In Rs. '000	GROUP		COMPANY	
For the year ended 31 March	2022	2021 Restated	2022	2021
Income statement				
Deferred tax expense arising from;				
Accelerated depreciation for tax purposes	24,093	177,229	(3,302)	2,964
Revaluation of investment property to fair value	16,792	9,850	31,631	(15,765)
Employee benefit liabilities	(21,133)	(35,583)	(4,125)	321
Benefit arising from tax losses	562,713	(714,134)	-	-
Others	(447,053)	(132,718)	-	(17,133)
Deferred tax impact due to tax rate change	-	308,810	-	-
	135,412	(386,546)	24,204	(29,613)
Other comprehensive income				
Deferred tax expense arising from;				
Revaluation of land and building to fair value	1,073,833	219,729	-	-
Actuarial gains/ (loss) on employee benefit liabilities	4,478	(5,354)	(2,401)	1,599
Deferred tax impact due to tax rate change	-	(808,198)	-	-
	1,078,311	(593,823)	(2,401)	1,599

NOTES TO THE FINANCIAL STATEMENTS

Deferred tax has been computed at 24% for all standard rate companies (including listed companies), at 14% for leisure sector companies and healthcare sector companies, at 15% for Central Hospitals Ltd and at 20% for Asiri Galle Hospital (Pvt) Ltd.

19.2.2 Deferred tax assets and liabilities - Group

In Rs. '000	Assets		Liabilities	
As at 31 March	2022	2021	2022	2021
At the beginning of the year	3,403,359	3,449,138	2,323,342	3,346,327
Charge and release	(375,689)	(45,779)	942,800	(1,026,147)
Acquisition of subsidiary	-	-	-	3,162
At the end of the year	3,027,670	3,403,359	3,266,142	2,323,342

The closing deferred tax asset and liability balance relates to the following:

In Rs. '000	Assets		Liabilities	
As at 31 March	2022	2021	2022	2021
Revaluation of building to fair value	(131,711)	(68,437)	3,871,611	2,861,052
Revaluation of investment property to fair value	(8,029)	(4,950)	82,713	69,000
Accelerated depreciation for tax purposes	(309,731)	(297,986)	698,165	685,817
Employee benefit liabilities	105,980	78,724	(168,660)	(179,261)
Losses available for offset against future taxable income	1,783,408	2,523,066	(1,154,598)	(1,080,373)
Provision for impaired receivable	565,925	423,756	(2,761)	(8,632)
Lease capital balance	-	(94,120)	-	-
Unclaimed impairment provisions	407,610	495,655	(16,385)	(5,264)
Others	614,218	347,651	(43,943)	(18,997)
	3,027,670	3,403,359	3,266,142	2,323,342

19.2.3 Deferred tax liabilities - Company

In Rs. '000	Liability	
As at 31 March	2022	2021
At the beginning of the year	156,268	184,282
Charge and release	21,803	(28,014)
At the end of the year	178,071	156,268

The closing deferred tax liability balance of the Company relates to the following:

In Rs. '000	Liability	
As at 31 March	2022	2021
Revaluation of investment property to fair value	199,295	167,663
Accelerated depreciation for tax purposes	12,509	15,814
Employee benefit liabilities	(33,733)	(27,209)
	178,071	156,268

19.3 Sales tax

Revenues, expenses, assets and liabilities 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
- where receivables and payables are stated with the amount of sales tax included.

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

Accounting judgements, estimates and assumptions

The Group is subject to income tax and other taxes including VAT. Significant judgment was required to determine the total provision for current, deferred and other taxes due to the uncertainties that exist with respect to the interpretation of applicability of tax laws at the time of the preparation of these financial statements.

Uncertainties also exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and assumptions made or future changes to such assumptions may require future adjustments to tax income and expense already recorded. Where the final tax outcome of such matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax amounts in the period in which the determination is made.

The Group has tax losses in subsidiaries that have a history of losses that do not expire and may not be used to offset other tax liabilities, where the subsidiaries have no avenues available that could partly support the recognition of these losses as deferred tax assets.

19.4 Applicable rates of income tax

The tax liability of resident companies are computed at the standard rate of 24% except for the following companies which enjoy full or partial exemptions and concessions.

Exemptions/ concessions granted under the Board of Investment Law/ Inland Revenue Act

Company	Basis	Exemption or concessions	Period concessions
Healthcare sector (except Central Hospitals Ltd and Asiri Hospital Galle (Pvt) Ltd)	Providing healthcare services	14%	Open ended
Central Hospitals Ltd	Providing healthcare services	15%	Open ended
Asiri Hospital Galle (Pvt) Ltd	Providing healthcare services	20%	Open ended
Ceysand Resorts Ltd	Promotion of tourism	14%	Open ended
Softlogic City Hotels (Pvt) Ltd	Construction of tourist hotel	Exempt	7 Years from 1st year of profit or 2 years from commencement of operation whichever is earlier (from FY 2018/19 onwards)
Softlogic B P O Services (Pvt) Ltd	BPO service	Exempt	Exempt from income tax in accordance with conditions prescribed in section (53)(10)(U)(ii) in Inland Revenue (amendment) Act no.10 of 2021 in relation to Third Schedule of Inland Revenue Act No.24 of 2017.

Income tax rates of off-shore subsidiaries

Company	Country of incorporation	Rate
Softlogic Australia (Pty) Ltd	Australia	30%

NOTES TO THE FINANCIAL STATEMENTS

19.5 Tax losses carried forward

In Rs. '000 As at 31 March	GROUP 2022	2021	COMPANY 2022	2021
Tax losses brought forward	**31,111,117**	28,108,772	**54,896**	1,028,947
Adjustments on finalisation of liability	**770,135**	1,041,359	**651,968**	4,064
Acquisition of subsidiary	**-**	449,326	**-**	-
Tax losses arising during the year	**6,779,696**	7,163,812	**867,938**	256,800
Utilisation of tax losses	**(4,953,377)**	(5,652,152)	**(11,734)**	(1,234,915)
	33,707,571	31,111,117	**1,563,068**	54,896

The Group has tax losses amounting to Rs. 15,139.00 Mn (2021 - Rs. 5,284.00 Mn) available to offset against future taxable profits but not utilised for recognition of these losses as deferred tax assets.

As per the Gazette notification no. 2064/53 issued by the Department of Inland Revenue in relation to the transitional provisions, any unclaimed loss as at 31 March 2018 is deemed to be a loss incurred for the year of assessment commencing on or after 01 April 2018 and shall be carried forward up to 6 years.

20 LOSS PER SHARE (LPS)

ACCOUNTING POLICY

Basic LPS is calculated by dividing the loss for the year attributable to ordinary equity holders of the parent by the weighted number of ordinary shares outstanding during the year.

20.1 Basic loss per share

In Rs. '000 For the year ended 31 March	Note	GROUP 2022	2021 Restated
Losses attributable to equity holders of the parent - continuing operations (Rs.'000)		**8,170,817**	5,226,944
Weighted average number of ordinary shares in issue	20.2	**1,192,543,209**	1,192,543,209
Basic loss per share - continuing operations (Rs.)		**6.85**	4.38

20.2 Amount used as denominator

In Rs. '000 For the year ended 31 March	GROUP 2022	2021
Ordinary shares at the beginning of the year	**1,192,543,209**	1,192,543,209
Adjusted weighted average number of ordinary shares	**1,192,543,209**	1,192,543,209

21. PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

Basis of recognition

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

Basis of measurement

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment charged subsequent to the date of the revaluation.

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.

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

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Where land and buildings are subsequently revalued, the entire class of such assets is revalued at fair value on the date of revaluation. Revaluation of land and buildings is done with sufficient frequency to ensure that the fair value of the properties does not differ materially from its carrying amount, and is undertaken by professionally qualified valuers.

Derecognition

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

Depreciation

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 - 75
Buildings on leasehold land	40 - 60 or over the period of lease
Plant and machinery	4 - 10
Computer equipment, furniture and fittings	2 - 10
Motor vehicles	4 - 8

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

Capital work-in-progress

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

Impairment of property, plant and equipment

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

NOTES TO THE FINANCIAL STATEMENTS

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 previously revalued are recognised against the revaluation reserve through the statement of comprehensive income to the extent that they reverse a previous revaluation surplus.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

21.1 Group

In Rs. '000	Land and buildings	Buildings on leasehold land	Plant and machinery	Computer, equipment, furniture and fittings	Motor vehicles	Capital work-in-progress	Total	
As at 31 March							2022	2021
Freehold assets								
Cost or Valuation								
At the beginning of the year	28,009,335	14,832,165	10,422,104	14,657,975	736,712	689,589	**69,347,880**	65,113,100
Additions	26,307	718,462	819,667	865,367	36,054	1,068,224	**3,534,081**	3,153,093
Acquisition of subsidiary	-	-	-	-	-	-	**-**	441,989
Disposals	-	(75,221)	(31,958)	(137,768)	(40,214)	-	**(285,161)**	(148,963)
Transfers*	(181,897)	99,481	156,712	85,156	68,464	(667,889)	**(439,973)**	(271,915)
Impairment/ derecognition	(1,911)	(115,643)	-	(676)	(2,381)	-	**(120,611)**	(3,167)
Revaluations	5,165,515	2,568,670	-	-	-	-	**7,734,185**	1,062,178
Effect of movements in exchange rates	-	422	-	2,880	-	-	**3,302**	1,565
At the end of the year	33,017,349	18,028,336	11,366,525	15,472,934	798,635	1,089,924	**79,773,703**	69,347,880
Total value of assets	33,017,349	18,028,336	11,366,525	15,472,934	798,635	1,089,924	**79,773,703**	69,347,880
Freehold assets								
Accumulated depreciation								
At the beginning of the year	24,662	1,765,742	5,069,940	8,502,022	462,925	-	**15,825,291**	12,979,952
Charge for the year	283,347	755,730	900,322	1,504,613	64,448	-	**3,508,460**	3,360,804
Acquisition of subsidiary	-	-	-	-	-	-	**-**	97,189
Disposals	-	(45,639)	(23,514)	(105,768)	(34,471)	-	**(209,392)**	(113,078)
Transfers*	(290,059)	(243,622)	1,271	7,220	36,148	-	**(489,042)**	(500,477)
Impairment/ derecognition	-	-	-	-	-	-	**-**	-
Effect of movements in exchange rates	-	284	-	2,130	-	-	**2,414**	901
At the end of the year	17,950	2,232,495	5,948,019	9,910,217	529,050	-	**18,637,731**	15,825,291
Total accumulated depreciation	17,950	2,232,495	5,948,019	9,910,217	529,050	-	**18,637,731**	15,825,291
Carrying value								
As at 31 March 2022	32,999,399	15,795,841	5,418,506	5,562,717	269,585	1,089,924	**61,135,972**	
As at 31 March 2021	27,984,673	13,066,423	5,352,164	6,155,953	273,787	689,589		53,522,589

* Transfers include the accumulated depreciation amounting to Rs. 530.62 Mn (2021 - Rs. 516.32 Mn) as at revaluation date that was eliminated against the gross carrying amount of the revalued assets.

21.2 Company

In Rs. '000 As at 31 March	Plant and machinery	Furniture and fittings	Computer and office Equipment,	Motor vehicles	Total 2022	Total 2021
Freehold assets						
Cost						
At the beginning of the year	-	37,481	50,097	210,216	**297,794**	243,067
Additions	2,240	8,225	10,322	-	**20,787**	25,400
Disposals	-	(31)	(267)	(27,125)	**(27,423)**	-
Transfers	-	-	-	-	-	29,327
At the end of the year	2,240	45,675	60,152	183,091	**291,158**	297,794
Freehold assets						
Accumulated depreciation						
At the beginning of the year	-	28,740	38,140	134,826	**201,706**	158,423
Charge for the year	1	4,199	6,336	16,893	**27,429**	27,439
Disposals	-	(1)	(198)	(21,700)	**(21,899)**	-
Transfers	-	-	-	-	-	15,844
At the end of the year	1	32,938	44,278	130,019	**207,236**	201,706
Carrying value						
As at 31 March 2022	2,239	12,737	15,874	53,072	**83,922**	
As at 31 March 2021	-	8,741	11,957	75,390		96,088

21.3 Revaluation of land and buildings

Accounting judgements, estimates and assumptions

The Group uses the revaluation model of measurement of land and buildings. The Group engaged independent expert valuers, to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence of transaction prices for similar properties.

Valuations are based on open market prices, adjusted for any difference in the nature, location or condition of the specific property. The valuation techniques used are appropriate in the circumstances, for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The date of the most recent revaluation was on 31 March 2022 except revaluation of land and building of Softlogic Life Insurance PLC.

The changes in fair value are recognised in other comprehensive income and in the statement of equity. As a result of the valuations of land and buildings the surplus arising from the change in fair value was Rs. 7,734.19 Mn (2021 - Rs. 1,061.15 Mn) which has been credited to the revaluation reserve. Further during the reporting period, reversed in previously recognised deficit arising from the change in fair value of revalued land and buildings were Nil (in 2021 deficit arising from the change in fair value - Rs. 1.02 Mn).

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Details of the Group's land and buildings stated at valuations are indicated below:

Group

Company	Property	Method of valuation	Extent	No of buildings	Range of estimates for significant unobservable inputs				Correlation to fair value
					Per perch value - Rs. Mn.		Per square foot value - Rs.		
					2022	2021	2022	2021	
Property valuations by Mr. G W G Abeygunawardene (Chartered Valuation Surveyor)									
Land of									
Softlogic Holdings PLC	14, De Fonseka Place, Colombo 05	OMV	20.49 P	-	18.50 - 19.50	17.50 - 18.50	-	-	Positive
Softlogic Properties (Pvt) Ltd	24, Dharmapala Mw., Kollupitiya, Colombo 03	OMV	2 R 11.68 P	-	23.00	22.00	-	-	Positive
Suzuki Motors Lanka Ltd	371, New Nuge Road, Peliyagoda	OMV	28.39 P	-	2.60	2.20	-	-	Positive
Building of									
Softlogic Information Technologies (Pvt) Ltd	14, De Fonseka Place, Colombo 05	DCC/ IM	-	1 building	-	-	6,500 - 8,250	6,115 - 7,415	Positive
Suzuki Motors Lanka Ltd	371, New Nuge Road, Peliyagoda	DCC	-	1 building	-	-	4,400 - 5,750	4,200 - 5,550	Positive
Softlogic City Hotels (Pvt) Ltd	24, Dharmapala Mw., Kollupitiya, Colombo 03	DCC	-	1 building	-	-	23,500	18,680	Positive
Future Automobiles (Pvt) Ltd	1124/5, Parliament Rd., Battaramulla	DCC/ IM	-	2 buildings	-	-	3,250 - 8,200	2,750 - 8,150	Positive
Asiri Surgical Hospital PLC	21, Kirimandala Mw., Colombo 05	DCC	-	3 buildings	-	-	4,880 - 11,580	3,230 - 9,930	Positive
	AOI Cancer Care Centre	DCC	-	1 building	-	-	38,500	32,000	Positive
Asiri Hospital Holdings PLC	907, Peradeniya Road, Kandy	DCC	-	1 building	-	-	11,400 - 23,150	7,900 - 19,650	Positive
Ceysand Resorts Ltd	Centara Ceysands Resort & Spa, Bentota	DCC	-	18 buildings	-	-	3,500 - 16,000	3,000 - 13,250	Positive
Land and building of									
Softlogic Holdings PLC	262, Gagarama Road, Piliyandala	OMV/ DCC	1 A 2 R 21 P	14 buildings	1.10	0.93	1,000 - 6,250	550 - 5,820	Positive
Asiri Hospital Holdings PLC	181,Kirula Road, Colombo 05	OMV/ DCC	1 A 2 R 5.38 P	2 buildings	14.00	12.00	5,100 - 11,850	3,350 - 9,600	Positive
Central Hospital Ltd	114, Norris Canal Road, Colombo 10	OMV/ DCC	1 A 21.03 P	1 building	13.00	12.00*	3,750 - 12,500	2,000 - 10,000*	Positive
Asiri Hospital Matara (Pvt) Ltd	26, Esplande Road, Uyanwatta, Matara	OMV/ DCC	1 A 2 R 1.5 P	2 buildings	1.10 - 1.40	0.95 - 1.33*	1,500 - 10,000	2,000 - 8,500*	Positive
Asiri Hospital Galle (Pvt) Ltd	59, Wackwella Road, Galle	OMV/ DCC	3 R 33.20 P	4 buildings	6.50	4.00*	5,000 - 12,500	9,750*	Positive
Softlogic Retail (Pvt) Ltd	402, Galle Road, Colombo 03	OMV/ DCC/ IM	17.3 P	1 building	21.00	19.80	5,000 - 6,500	4,400 - 6,150	Positive
Odel PLC	Dr. C W W. Kannangara Mw., Colombo 07	OMV/ DCC	1 A 3 R 27.58 P	1 building	20.50 - 22.00	18.50 - 19.50	-	3,450 - 3,650	Positive
	29 A, Jayatilake Mw., Panadura	OMV/ DCC/ IM	1 R 2.16 P	1 building	3.60	2.90	2,950 - 5,250	2,300 - 4,700	Positive
	18 & 20, Sama Mw., Boralesgomuwa	OMV/ DCC	20.0 P	2 buildings	2.20	2.05	4,400 - 4,850	4,000 - 4,600	Positive
Odel Properties (Pvt) Ltd	475/32, Kotte Road, Rajagiriya	OMV/ DCC/ IM	1 R 7.42 P	1 building	9.00	8.20	3,000 - 7,250	2,750 - 5,900	Positive

Company	Property	Method of valuation	Extent	No of buildings	Range of estimates for significant unobservable inputs				Correlation to fair value
					Per perch value - Rs. Mn.		Per square foot value - Rs.		
					2022	2021	2022	2021	
Softlogic Finance PLC	13, De Fonseka Place, Colombo 04	OMV/ DCC/ IM	12.0 P	1 building	19.50	18.50	8,000 - 13,250	6,400 - 8,900	Positive
Property valuations by Mr. P B Kalugalgedara (Chartered Valuation Surveyor)									
Land and building of									
Softlogic Life Insurance PLC	283, R A De Mel Mw., Kollupitiya, Colombo 03	OMV/ IM	8.0 P	1 building	20	20	9,000	9,000	Positive

** previous year property valuation was carried out by Mr. P B Kalugalgedara (Chartered Valuation Surveyor)*

Summary description of valuation methodologies:

The valuer has used valuation techniques such as market values and discounted cash flow methods where there was lack of comparable market data available based on the nature of the property.

Open Market Value method (OMV)

Open market value method uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities, such as a business.

Direct Capital Comparison method (DCC)

This method may be adopted when the rental value is not available from the property concerned, but there are evidence of sale price of properties as a whole. In such cases, the capitalised value of the property is fixed by direct comparison with the capitalised value of similar property in the locality.

Investment method (IM)

The investment method is used to value properties which are let to produce an income for the investor. Conventionally, investment value is a product of rent and yield. Each of these elements is derived using comparison techniques.

Residual method (RM)

The residual method is based on the concept that the value of a property with development potential is derived from the value of the property after development minus the cost of undertaking that development, including a profit for the developer.

21.4 Land and buildings

In Rs. '000 As at 31 March	GROUP 2022	 2021
At cost	**3,343,937**	2,915,727
At valuation	**45,451,303**	38,135,369
	48,795,240	41,051,096

Land and buildings carries at cost mainly comprises buildings on leasehold lands owned by Group's Retail sector companies including Softlogic Supermarkets (Pvt) Ltd and Softlogic Restaurants (Pvt) Ltd.

21.5 Carrying value

In Rs. '000	GROUP		COMPANY	
As at 31 March	2022	2021	2022	2021
At cost	**15,684,669**	15,387,220	**83,922**	96,088
At valuation	**45,451,303**	38,135,369	**-**	-
	61,135,972	53,522,589	**83,922**	96,088

NOTES TO THE FINANCIAL STATEMENTS

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

In Rs. '000 As at 31 March	Land and buildings	Buildings on leasehold land	GROUP 2022	GROUP 2021
Cost	16,543,723	8,848,701	**25,392,424**	25,329,742
Accumulated depreciation	(2,033,579)	(1,082,432)	**(3,116,011)**	(2,668,740)
Carrying value	14,510,144	7,766,269	**22,276,413**	22,661,002

21.7 Property, plant and equipment pledged as securities

Group land and buildings with a carrying value of Rs. 22,322.56 Mn (2021 - Rs. 18,314.84 Mn) have been pledged as security for term loans obtained, details of which are disclosed in note 54.

21.8 Fully depreciated but still in use

Group property, plant and equipment with a cost of Rs. 8,365.18 Mn (2021 - Rs. 7,137.36 Mn) have been fully depreciated and continue to be in use by the Group. The cost of fully depreciated assets in the Company amounts to Rs. 69.92 Mn (2021 - Rs. 85.54 Mn).

21.9 Permanent fall in value of property, plant and equipment

There is no permanent fall in the value of property, plant and equipment which requires a provision for impairment other than the details disclosed under note 18 and note 21.1 to the financial statements.

21.10 Title restriction on property, plant and equipment

There were no restrictions that existed on the title to the property, plant and equipment of the Group as at the reporting date.

22. RIGHT OF USE ASSETS

ACCOUNTING POLICY

Right of use assets

The Group recognises right of use assets when the underlying asset is available for use. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right of use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Expenses relating to short term leases and leases of low value assets amounting to Rs. 245.87 Mn (2021 - Rs. 266.31 Mn) has recognised Income Statement.

22.1 Right of use assets

Group

In Rs. '000 As at 31 March	Leasehold properties	Plant and machinery	Motor vehicles	Total 2022	2021
Cost					
At the beginning of the year	8,582,262	426,459	193,830	**9,202,551**	8,278,229
Additions	4,412,449	-	21,092	**4,433,541**	1,112,039
Acquisition of subsidiary	-	-	-	-	7,850
Disposals	-	-	(26,194)	**(26,194)**	(59,850)
Transfers	(35,204)	(29,959)	(49,002)	**(114,165)**	(29,327)
Derecognition	(298,446)	-	-	**(298,446)**	(110,076)
Exchange difference	-	-	7,710	**7,710**	3,686
At the end of the year	12,661,061	396,500	147,436	**13,204,997**	9,202,551
Accumulated amortisation					
At the beginning of the year	2,917,965	153,677	115,026	**3,186,668**	1,678,093
Amortisation expense	1,758,527	47,245	22,823	**1,828,595**	1,610,387
Acquisition of subsidiary	-	-	-	-	916
Disposals	-	-	(20,636)	**(20,636)**	(26,679)
Transfers	(13,334)	10,152	(49,193)	**(52,375)**	(15,844)
Derecognition	(197,282)	-	-	**(197,282)**	(61,936)
Exchange difference	-	-	2,593	**2,593**	1,731
At the end of the year	4,465,876	211,074	70,613	**4,747,563**	3,186,668
Carrying value					
As at 31 March 2022	8,195,185	185,426	76,823	**8,457,434**	
As at 31 March 2021	5,664,297	272,782	78,804		6,015,883

Company

In Rs. '000 As at 31 March	Leasehold properties	Motor vehicles	Total 2022	2021
Cost				
At the beginning of the year	33,736	18,269	**52,005**	123,944
Additions	260,918	-	**260,918**	36,990
Disposals	(32,697)	-	**(32,697)**	(59,850)
Derecognition	-	-	-	(19,752)
Transfers	-	-	-	(29,327)
At the end of the year	261,957	18,269	**280,226**	52,005
Accumulated amortisation				
At the beginning of the year	30,755	1,929	**32,684**	60,581
Amortisation expense	32,400	2,284	**34,684**	34,378
Disposals	(30,718)	-	**(30,718)**	(26,679)
Derecognition	-	-	-	(19,752)
Transfers	-	-	-	(15,844)
At the end of the year	32,437	4,213	**36,650**	32,684
Carrying value				
As at 31 March 2022	229,520	14,056	**243,576**	
As at 31 March 2021	2,981	16,340		19,321

NOTES TO THE FINANCIAL STATEMENTS

22.2 Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements for the period ended 31 March 2022.

In Rs. '000 As at 31 March	GROUP 2022	 2021	COMPANY 2022	 2021
At the beginning of the year	5,527,343	5,670,554	17,244	13,856
Additions	3,905,446	1,052,574	260,918	35,163
Acquisition of subsidiary	-	5,312	-	-
Derecognition	(124,838)	(43,296)	-	(1,031)
Interest expense	847,417	701,673	12,361	3,903
Payments	(2,270,209)	(1,890,842)	(49,149)	(34,647)
Transfers	(19,510)	-	-	-
Exchange difference	71,490	31,368	-	-
At the end of the year	7,937,139	5,527,343	241,374	17,244
Repayable within one year	1,824,452	1,409,733	37,495	5,755
Repayable after one year	6,112,687	4,117,610	203,879	11,489
	7,937,139	5,527,343	241,374	17,244

22.3 Amounts recognised in income statement relating to right of use assets

Following are the amounts recognised in the income statement.

In Rs. '000 For the year ended 31 March	GROUP 2022	 2021	COMPANY 2022	 2021
Amounts recognised in income statement				
Amortisation of right of use assets	1,828,595	1,610,387	34,684	34,378
Interest expense on lease liabilities	799,700	692,170	12,361	3,903

22.4 Impairment of right of use assets

The Group does not foresee any impairment of right of use assets due to the COVID-19 pandemic since as each business unit is operating under the business continuity plans as per the Group risk management strategy, to the extent possible, whilst strictly adhering to and supporting government directives. The Group does not anticipate discontinuation of any right of use assets as at the reporting date.

23. INVESTMENT PROPERTIES

ACCOUNTING POLICY

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

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

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

Investment properties are derecognised when disposed, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on derecognition or disposal are recognised in the income statement in the year of derecognition or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property or inventory (WIP), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property or inventory (WIP), the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. Where Group companies occupy a significant portion of the investment property of a subsidiary, such investment properties are treated as property, plant and equipment in the consolidated financial statements, and accounted using the Group accounting policy for property, plant and equipment.

In Rs. '000	GROUP		COMPANY	
As at 31 March	2022	2021	2022	2021
At the beginning of the year	**1,913,880**	2,030,380	**822,700**	794,500
Change in fair value during the year	**157,920**	98,500	**117,005**	28,200
Additions resulting from acquisitions	**103,237**	-	-	-
Transfer to property, plant and equipment	-	(215,000)	-	-
At the end of the year	**2,175,037**	1,913,880	**939,705**	822,700

23.1 Amounts recognised in income statement relating to investment properties

Following are the amounts recognised in the income statement.

In Rs. '000	GROUP		COMPANY	
For the year ended 31 March	2022	2021	2022	2021
Amounts recognised in income statement				
Revenue	-	-	**87,286**	79,791
Direct operating expenses	-	-	**66,955**	61,206

23.2 Accounting Judgements, estimates and assumptions

The fair value of investment properties is ascertained by independent valuations carried out by Chartered Valuation Surveyors, who have recent experience in valuing properties of similar category. in similar location. Investment properties is appraised by the independent valuers in accordance with LKAS 40, SLFRS 13 and the 8th edition of International Valuation Standards published by the International Valuation Standards Committee (IVSC). In determining the fair value, the current condition of the properties, future usability and associated re-development requirements have been considered. Also, the valuers have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within a range of values.

Consequently, as at the reporting date, the value reflected represents the best estimate based on the market conditions that prevailed, which in valuers' considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement.

Changes in fair value of lands and buildings which are recognised as investment properties are recognised in the income statement. The valuer has used the open market approach in determining the fair value of the land. Further details on fair value of investment properties are disclosed in the below note.

NOTES TO THE FINANCIAL STATEMENTS

Valuation details of investment properties - Group

Company	Property	Method of valuation	Extent	Range of estimates for significant unobservable inputs Per perch value - Rs. Mn 2022	2021	Correlation to fair value
Property valuations by Mr. G W G Abeygunawardene (Chartered Valuation Surveyor)						
Land of						
Softlogic Retail (Pvt) Ltd	Dekatana, Gampaha	OMV/ RM	20 A 2 R 27 P	**0.05**	0.05	Positive
Odel Lanka (Pvt) Ltd	271, Kaduwela Road, Thalangama & 197/C, Kalapaluwawa Road, Thalangama	OMV/ RM	1 A 2 R 25.7 P	**7.95**	7.35	Positive
Softlogic Communications (Pvt) Ltd	Kahandamodara Road, Kahaduwa, Ranna	OMV	1R 4.7 P	**0.09**	0.07	Positive
	Matara - Hambanthota Road, Ranna, Thangalla	OMV	27.7 P	**0.11**	0.08	Positive
	Jayabima Road, Panagoda	OMV	15.58 P	**0.43**	0.40	Positive
	Udaya Mw., Heiyanthuduwa, Biyagama	OMV	14 P	**0.33**	0.30	Positive
	Bogamuwa Village, Agunakolapalassa	OMV	2 R 2.18 P	**0.04**	0.03	Positive

Company	Property	Method of valuation	Extent	No of buildings	Range of estimates for significant unobservable inputs Per perch value - Rs. Mn. 2022	Per square foot value - Rs. 2022	Correlation to fair value
Property valuations by Mr. R A R M N Rajakaruna (Chartered Valuation Surveyor)							
Land and building of							
Softlogic Finance PLC	Udawela Village, Rambukwella East Gramaniadari Division Kandy	OMV/ DCC	22 A 1 R 25.4 P	8 buildings	0.02	1,000 - 5,000	Positive

Company	Property	Method of valuation	Extent	No of buildings	Range of estimates for significant unobservable inputs Per perch value - Rs. Mn. 2022	Per perch value - Rs. Mn. 2021	Per square foot value - Rs. 2022	Per square foot value - Rs. 2021	Correlation to fair value
Property valuations by Mr. G W G Abeygunawardene (Chartered Valuation Surveyor)									
Land of									
Softlogic Holdings PLC	14, De Fonseka Place, Colombo 05	OMV	20.49 P	-	18.50 - 19.50	17.50 - 18.50	-	-	Positive
Land and building of									
Softlogic Holdings PLC	262, Gagarama Road, Piliyandala	OMV/ DCC	1 A 2 R 21 P	14 buildings	1.10	0.93	1,000 - 6,250	550 - 5,820	Positive

Summary description of valuation methodologies are disclosed under property, plant and equipment and note no. 21.3 to the financial statements.

24. INTANGIBLE ASSETS

ACCOUNTING POLICY

Basis of recognition

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

Basis of measurement

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

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

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

Useful economic lives, amortisation and impairment

The useful lives of intangible assets are assessed as either finite or infinite. Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end and such changes are treated as accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement.

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

Goodwill

Goodwill is initially measured at the acquisition date as the fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

After 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.

Lease rights

Lease rights acquired as part of a business combination, are capitalised if they meet the definition of an intangible asset and the recognition criteria are satisfied. Leased rights are amortised on a straight-line basis over their estimated useful life.

Present Value of acquired In-force Business (PVIB)

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

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

Purchased software

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

Software licenses

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

Brand name

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

NOTES TO THE FINANCIAL STATEMENTS

A summary of the policies applied to the Group's intangible assets is as follows:

Intangible	Useful life	Acquired/ internally generated	Impairment testing
Goodwill	Infinite	Acquired	annually or when an indication of impairment exists
Lease rights	Over the remaining lease period	Acquired	when an indication of impairment exists
Purchased software	3 - 5 years	Acquired	when an indication of impairment arises
Present Value of acquired In-force Business (PVIB)	16 years	Acquired	when an indication of impairment exists
Brand name	Infinite	Acquired	annually or when an indication of impairment exists

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

In Rs. '000	Goodwill	Lease right	PVIB	Brand name	Others*	GROUP		COMPANY	
						Total		Computer Software	
As at 31 March						2022	2021	2022	2021
Cost / carrying value									
At the beginning of the year	4,763,210	892,406	1,980,620	1,509,085	1,947,644	**11,092,965**	10,857,938	**7,914**	4,795
Additions	-	-	-	-	29,790	**29,790**	71,501	**3,127**	3,119
Acquisition of subsidiary	-	-	-	-	-	**-**	158,413	**-**	-
Impairment/ derecognition	-	-	-	-	(272,144)	**(272,144)**	(1,500)	**(6,112)**	-
Exchange translation difference	-	-	-	-	17,288	**17,288**	6,613	**-**	-
At the end of the year	4,763,210	892,406	1,980,620	1,509,085	1,722,578	**10,867,899**	11,092,965	**4,929**	7,914
Accumulated amortisation and impairment									
At the beginning of the year	-	223,030	1,186,310	-	939,986	**2,349,326**	2,052,932	**6,939**	3,327
Amortisation	-	22,484	123,789	-	162,564	**308,837**	294,239	**2,269**	3,612
Impairment/ derecognition	-	-	-	-	(261,428)	**(261,428)**	(469)	**(6,112)**	-
Exchange translation difference	-	-	-	-	9,951	**9,951**	2,624	**-**	-
At the end of the year	-	245,514	1,310,099	-	851,073	**2,406,686**	2,349,326	**3,096**	6,939
Carrying value									
As at 31 March 2022	4,763,210	646,892	670,521	1,509,085	871,505	**8,461,213**		**1,833**	
As at 31 March 2021	4,763,210	669,376	794,310	1,509,085	1,007,658		8,743,639		975

* Other intangible assets include purchased software and software licenses, other license fee and franchise fee paid on acquiring operational rights.

Goodwill and brand names

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

In Rs. '000	Goodwill		Brand name	
As at 31 March	2022	2021	2022	2021
Information Technology	14,087	14,087	-	-
Retail	1,358,790	1,358,790	998,180	998,180
Leisure	182,207	182,207	4,169	4,169
Financial Services	817,742	817,742	-	-
Healthcare Services	2,358,921	2,358,921	506,736	506,736
Others	31,463	31,463	-	-
	4,763,210	4,763,210	1,509,085	1,509,085

Present Value of acquired-In -force Business (PVIB)

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

24.1 Accounting judgements, estimates and assumptions

Impairment of goodwill

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market in an arm's length transaction of similar assets, or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The recoverable amount of all CGUs have been determined based on the higher of fair value less costs to sell and its Value in Use (VIU) calculation. VIU is determined by discounting the future cash flows generated from continuing use of the unit. The recoverability of quoted entities is determined based on share price existed as at reporting date. The key assumptions used are given below:

Business growth

Volume growth has been budgeted on a reasonable and realistic basis by taking into account the growth rates of one to five years immediately subsequent to the budgeted year, based on industry growth rates. Cash flows beyond a five year period are extrapolated using zero growth rate.

Inflation

Budgeted cost inflation is the inflation rate, based on projected economic conditions.

Discount rate

The discounting rate used is the risk free rate increased by an appropriate risk premium.

Margin

Budgeted gross margins are the gross margins achieved in the year preceding, adjusted for projected market conditions and business plans.

NOTES TO THE FINANCIAL STATEMENTS

25. INVESTMENT IN SUBSIDIARIES

ACCOUNTING POLICY

Investments in subsidiaries are initially recognised at cost in the financial statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries is immediately recognised in the income statement. Following initial recognition, investment in subsidiaries are carried at cost less any accumulated impairment losses.

In Rs. '000 As at 31 March	Note	COMPANY 2022	 2021
Quoted investments	25.1	**10,523,713**	9,133,551
Unquoted investments	25.2	**17,677,804**	12,678,804
		28,201,517	21,812,355

25.1 Group quoted investments

In Rs. '000 As at 31 March	GROUP No of shares	 Effective holding %	 No of shares	COMPANY Holding %	 2022	 2021
Asiri Hospital Holdings PLC	641,011,634	55.56	626,054,757	55.04	**6,929,870**	5,585,705
Asiri Surgical Hospital PLC	422,555,413	44.43	-	-	**-**	-
Odel PLC	265,920,868	97.72	-	-	**-**	-
Softlogic Capital PLC	755,960,543	77.36	755,960,543	77.36	**3,513,032**	3,492,752
Softlogic Finance PLC	470,541,435	72.95	5,657,598	1.15	**79,251**	53,534
Softlogic Life Insurance PLC	194,121,310	40.06	175,550	0.05	**1,560**	1,560
					10,523,713	9,133,551

Group quoted investments

In Rs. '000 As at 31 March	GROUP 2022	 2021	COMPANY 2022	 2021
Market Value				
Asiri Hospital Holdings PLC	**24,037,936**	15,220,775	**23,477,053**	14,801,945
Asiri Surgical Hospital PLC	**6,338,331**	5,831,265	**-**	-
Odel PLC	**5,079,089**	4,972,720	**-**	-
Softlogic Capital PLC	**4,686,955**	3,003,042	**4,686,955**	3,003,042
Softlogic Finance PLC	**4,423,089**	2,474,213	**53,181**	30,860
Softlogic Life Insurance PLC	**8,424,865**	5,916,887	**7,619**	5,354
	52,990,265	37,418,902	**28,224,808**	17,841,201

25.2 Group unquoted investments

In Rs. '000 As at 31 March	GROUP Number of shares	Effective holding %	COMPANY Number of shares	Holding %	2022	2021
Asiri A O I Cancer Centre (Pvt) Ltd	2,700,000	22.21	-	-	-	-
Asiri Central Hospitals Ltd	10,826,815	52.50	-	-	-	-
Asiri Diagnostic Services (Asia) PTE Ltd	1	55.56	-	-	-	-
Asiri Diagnostics Services (Pvt) Ltd	273,221	36.97	-	-	-	-
Asiri Hospital Galle (Pvt) Ltd	44,000,002	55.56	-	-	-	-
Asiri Hospital Matara (Pvt) Ltd	25,999,999	55.56	-	-	-	-
Asiri Laboratories (Pvt) Ltd	100,000	55.56	-	-	-	-
Asiri Myanmar Ltd	1	55.56	-	-	-	-
Central Hospitals Ltd	214,539,804	55.41	-	-	-	-
Ceysand Resorts Ltd - Voting Shares	17,087,669	99.90	-	-	-	-
- Non Voting Shares	134,250	96.58	-	-	-	-
Cotton Collection (Pvt) Ltd	600,100	97.72	-	-	-	-
Dai-Nishi Securities (Pvt) Ltd	49,999,998	99.99	-	-	-	-
Future Automobiles (Pvt) Ltd	19,300,000	100.00	19,300,000	100.00	**195,675**	195,675
Odel Apparels (Pvt) Ltd	2	97.72	-	-	-	-
Odel Information Technology Services (Pvt) Ltd	1	97.72	-	-	-	-
Odel Lanka (Pvt) Ltd	27,000,002	97.72	-	-	-	-
Odel Properties (Pvt) Ltd	1,081,002	97.72	-	-	-	-
Odel Properties One (Pvt) Ltd	232,021,100	97.72	-	-	-	-
Odel Restaurants (Pvt) Ltd	100,000	97.72	-	-	-	-
Silk Route Foods (Pvt) Ltd	5,100	51.00	-	-	-	-
SML Holdings (Pvt) Ltd	149,999	99.99	-	-	-	-
Softlogic Australia (Pty) Ltd - Ordinary Shares	1,900,002	100.00	1,900,002	100.00	**162,256**	162,256
- Preference Shares	256,578	100.00	256,578	100.00	**31,687**	31,687
Softlogic Asset Management (Pvt) Ltd	5,000,002	77.54	-	-	-	-
Softlogic Automobiles (Pvt) Ltd	5,000,000	100.00	5,000,000	100.00	**50,000**	50,000
Softlogic B P O Services (Pvt) Ltd	5,100,000	100.00	5,100,000	100.00	**51,000**	51,000
Softlogic Brands (Pvt) Ltd	716,368	97.72	-	-	-	-
Softlogic City Hotels (Pvt) Ltd	230,569,836	99.92	-	-	-	-
Softlogic Communication Services (Pvt) Ltd	100	100.00	-	-	-	-
Softlogic Communications (Pvt) Ltd	10,442,153	100.00	-	-	-	-
Softlogic Computers (Pvt) Ltd	200,000	100.00	200,000	100.00	**2,354**	2,354
Softlogic Corporate Services (Pvt) Ltd	2,725,002	100.00	2,725,002	100.00	**10,394**	10,394
Softlogic Destination Management (Pvt) Ltd	100,000	100.00	100,000	100.00	**1,000**	1,000
Softlogic Healthcare Holdings (Pvt) Ltd	100,000	100.00	100,000	100.00	**1,000**	1,000
Softlogic Information Technologies (Pvt) Ltd	436,496	100.00	436,496	100.00	**4,906**	4,906
Softlogic International (Pvt) Ltd	669,808	100.00	-	-	-	-
Softlogic Mobile Distribution (Pvt) Ltd	1,000,000	100.00	-	-	-	-
Softlogic Pharmaceuticals (Pvt) Ltd	2,500,000	100.00	-	-	-	-
Softlogic Properties (Pvt) Ltd	483,421,208	99.92	483,421,208	99.92	**4,438,214**	4,438,214
Softlogic Restaurants (Pvt) Ltd	154,500,000	100.00	-	-	-	-
Softlogic Retail (Pvt) Ltd	169,345,616	99.99	-	-	-	-
Softlogic Retail Holdings (Pvt) Ltd	871,812,380	100.00	871,812,380	100.00	**12,948,893**	7,948,893
Softlogic Retail One (Pvt) Ltd	100,000	100.00	100,000	100.00	**1,000**	1,000
Softlogic Rewards (Pvt)Ltd	100,000	100.00	100,000	100.00	**1,000**	1,000
Softlogic Solar (Pvt) Ltd	100	100.00	100	100.00	**1**	1
Softlogic Stockbrokers (Pvt) Ltd	19,700,000	77.54	-	-	-	-
Softlogic Supermarkets (Pvt) Ltd	82,100,000	100.00	-	-	-	-
Suzuki Motors Lanka Ltd	13,959,994	99.99	-	-	-	-
					17,899,380	12,899,380
Less - Impairment of investments (Note 25.3)					**(221,576)**	(220,576)
					17,677,804	12,678,804

NOTES TO THE FINANCIAL STATEMENTS

25.3 Accounting judgements, estimates and assumptions

Impairment of investments

An impairment assessment was carried out as at 31 March 2022 and it was concluded that the net realisable value of all investments included under quoted and unquoted investments exceed their carrying value except for the investments made in Future Automobiles (Pvt) Ltd, Softlogic Solar (Pvt) Ltd, Softlogic Healthcare Holdings (Pvt) Ltd and Softlogic Australia (Pty) Ltd.

Movement in provision for impairment of investments in subsidiaries

In Rs. '000 As at 31 March	COMPANY 2022	 2021
At the beginning of the year	220,576	220,576
Provision for impairment	1,000	-
At the end of the year	221,576	220,576

26. INVESTMENT IN EQUITY ACCOUNTED INVESTEES

ACCOUNTING POLICY

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

Name of the company	Country of incorporation	Effective holding %
Gerry's Softlogic (Pvt) Ltd	Pakistan	-
Jendo Innovations (Pvt) Ltd	Sri Lanka	20.70
Nextage (Pvt) Ltd	Sri Lanka	50.00
Sabre Travel Network Lanka (Pvt) Ltd	Sri Lanka	40.00

The considerations assessed in determining significant influence a similar to those in determining control over subsidiaries.

The Group's investments in its associates are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The income statement reflects the Group's share of the results of operations of associates. OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's shares of profit or loss of associates is shown on the face of the income statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate venture and its carrying value, and then recognises the loss as 'Share of results of equity accounted investees' in the income statement.

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

The accounting policies of associate companies conform to those of the Group.

The equity method of accounting has been applied for associates using their financial statements for the corresponding financial period or a matching 12 month period. In case of associates whose reporting dates are different to Group reporting dates, adjustments are made for significant transactions or events up to 31 March.

In Rs. '000 As at 31 March	Note	GROUP 2022	 2021	COMPANY 2022	 2021
Investments in equity accounted investees	26.1	44,274	56,879	41,000	41,000
		44,274	56,879	41,000	41,000

26.1 Group investments in equity accounted investees

In Rs. '000 As at 31 March	Note	GROUP 2022	 2021	COMPANY 2022	 2021
Investments in associates					
Unquoted					
Gerry's Softlogic (Pvt) Ltd		-	-	2,700	2,700
Nextage (Pvt) Ltd		2,378	6,937	1,250	1,250
Jendo Innovations (Pvt) Ltd		28,509	29,530	30,000	30,000
Sabre Travel Network Lanka (Pvt) Ltd		25,993	43,822	9,750	9,750
		56,880	80,289	43,700	43,700
Less: impairment of investment in Gerry's Softlogic (Pvt) Ltd		-	-	(2,700)	(2,700)
		56,880	80,289	41,000	41,000
Share of loss accruing to the Group	26.2	(12,574)	(23,697)	-	-
Share of OCI accruing to the Group	26.2	(32)	287	-	-
		44,274	56,879	41,000	41,000

26.2 Summarised financial information of equity accounted investees

In Rs. '000 As at 31 March	Equity accounted investees 2022	 2021
Group share of:		
Revenue	24,659	19,116
Operating expenses	(37,233)	(55,167)
Other income	-	12,354
Loss for the year	(12,574)	(23,697)
Group share of:		
Share of other comprehensive income/ (loss) of equity accounted investees	(32)	287
Net share of other comprehensive income/ (loss) for the year	(32)	287
Group share of:		
Total assets	94,435	91,773
Total liabilities	(67,292)	(52,014)
Net assets	27,143	39,759
Unrealised profits	-	(10)
Deferred tax on undistributable profits	(5,917)	(5,917)
Goodwill	23,048	23,048
	44,274	56,880
Contingent liabilities	Nil	Nil
Capital commitments	Nil	Nil

NOTES TO THE FINANCIAL STATEMENTS

27. NON - CURRENT FINANCIAL ASSETS

In Rs. '000 As at 31 March	Note	GROUP 2022	 2021 Restated	COMPANY 2022	 2021
Other quoted equity investments	27.1	**1,463,152**	1,700,569	**-**	-
Other unquoted equity investments	27.2	**371,050**	385,980	**-**	-
Other non equity investments	27.3	**24,313,677**	18,210,510	**1,658,170**	1,841,118
		26,147,879	20,297,059	**1,658,170**	1,841,118

27.1 Other quoted equity investments

In Rs. '000 As at 31 March	Number of shares	GROUP 2022	 2021
Access Engineering PLC	-	**-**	29,369
ACL Cables PLC	616	**35**	22
Ceylon Cold Stores PLC	-	**-**	1,303
Commercial Bank of Ceylon PLC	-	**-**	61,688
John Keells Holdings PLC	-	**-**	44,289
Lanka IOC PLC	-	**-**	11,495
Melstacorp PLC	-	**-**	51,360
National Development Bank PLC	25,118,478	**1,399,099**	1,390,826
Sampath Bank PLC	-	**-**	80,696
Seylan Bank PLC	2,000,000	**63,200**	-
Seylan Bank PLC - Non Voting Shares	34,206	**818**	1,432
Teejay Lanka PLC	-	**-**	28,089
		1,463,152	1,700,569

27.2 Other unquoted equity investments

In Rs. '000 As at 31 March	Number of shares	GROUP 2022	 2021
Cargills Bank Ltd	34,000,000	**341,050**	355,980
Digital Health (Pvt) Ltd	3,000,000	**30,000**	30,000
		371,050	385,980

27.3 Other non equity investments

In Rs. '000 As at 31 March	Note	GROUP 2022	 2021 Restated	COMPANY 2022	 2021
Debentures		**7,794,651**	6,686,380	**-**	-
Fixed deposits		**-**	21,597	**-**	-
Government securities		**13,506,216**	9,153,134	**-**	-
Investment in securitised borrowings		**732,143**	-	**-**	-
Loans and advances	32	**2,279,436**	2,346,559	**-**	-
Loans to executives		**1,200**	2,809	**-**	-
Loans to subsidiaries		**-**	-	**1,658,170**	1,841,118
Placement with banks and financial institutions		**31**	31	**-**	-
		24,313,677	18,210,510	**1,658,170**	1,841,118

28. RENTAL RECEIVABLE ON LEASE ASSETS AND HIRE PURCHASE

ACCOUNTING POLICY

Initial recognition and measurement

When the Group is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of the asset to the lessee, the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease is recognised. Amounts receivable under finance leases are included under "Rentals receivable on leased assets". Leasing balances are stated in the statement of financial position after deduction of initial rentals received, unearned lease income and the provision for impairment losses.

28.1 Receivable from one to five years

In Rs. '000	GROUP					
As at 31 March	2022			2021		
	Rental receivable on lease assets	Rental receivable on hire purchase	Total	Rental receivable on lease assets	Rental receivable on hire purchase	Total
Rental receivables	14,432,716	-	14,432,716	6,507,059	-	6,507,059
Unearned income	(4,007,764)	-	(4,007,764)	(1,795,864)	-	(1,795,864)
Impairment	(206,258)	-	(206,258)	(114,253)	-	(114,253)
	10,218,694	-	10,218,694	4,596,942	-	4,596,942

28.2 Receivable within one year

In Rs. '000	GROUP					
As at 31 March	2022			2021		
	Rental receivable on lease assets	Rental receivable on hire purchase	Total	Rental receivable on lease assets	Rental receivable on hire purchase	Total
Rental receivables	1,177,878	94,844	1,272,722	730,711	83,397	814,108
Unearned income	(80,232)	-	(80,232)	(56,998)	-	(56,998)
Impairment	(112,137)	(36,163)	(148,300)	(70,389)	(20,959)	(91,348)
	985,509	58,681	1,044,190	603,324	62,438	665,762
Total rental receivable	11,204,203	58,681	11,262,884	5,200,266	62,438	5,262,704

28.3 Accounting judgements, estimates and assumptions

Impairment of rental receivables

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

NOTES TO THE FINANCIAL STATEMENTS

28.3.1 Analysis of rental receivable on lease assets and hire purchase on maximum exposure to credit risk

In Rs. '000 As at 31 March	Stage 1	Stage 2	Stage 3	Total 2022
Gross rental receivables - subject to collective impairment	6,487,354	3,762,232	1,367,856	**11,617,442**
Allowance for expected credit losses (ECL)	(37,045)	(131,673)	(185,840)	**(354,558)**
	6,450,309	3,630,559	1,182,016	**11,262,884**

In Rs. '000 As at 31 March	Stage 1	Stage 2	Stage 3	Total 2021
Gross rental receivables - subject to collective impairment	3,713,589	885,196	869,520	5,468,305
Allowance for expected credit losses (ECL)	(23,632)	(36,128)	(145,841)	(205,601)
	3,689,957	849,068	723,679	5,262,704

28.3.2 Movement in allowance for expected credit losses (ECL)

In Rs. '000 As at 31 March	Stage 1	Stage 2	Stage 3	Total 2022
Balance as at 01 April 2021	23,632	36,128	145,841	**205,601**
Charge to income statement	13,413	95,545	35,802	**144,760**
Transfers/ movements	-	-	4,197	**4,197**
	37,045	131,673	185,840	**354,558**

In Rs. '000 As at 31 March	Stage 1	Stage 2	Stage 3	Total 2021
Balance as at 01 April 2020	12,397	26,562	111,367	150,326
Charge to income statement	11,235	9,566	34,474	55,275
	23,632	36,128	145,841	205,601

29. OTHER NON-CURRENT ASSETS

In Rs. '000 As at 31 March	Note	GROUP 2022	 2021
Rent advances		**833,398**	642,635
Deferred expenditure		**1,020**	27
Work-in-progress - Odel Mall project	29.1	**6,825,996**	4,840,704
		7,660,414	5,483,366

29.1 Work-in-progress - Odel Mall project

Odel Properties One (Pvt) Ltd, a fully own subsidiary of Odel PLC, is engaged in the development and construction of an integrated complex with an approximate area of 645,000 sq. ft., comprising of retail and associate facilities, residential units, cinemas and a car park.

Work-in-progress - Odel Mall project includes advances paid to contractors, directly attributable cost incurred on the project and borrowing cost capitalised.

Reconciliation of work-in-progress (WIP) - Odel Mall project

In Rs. '000 As at 31 March	GROUP 2022	 2021
At the beginning of the year	4,840,704	4,396,971
Additions during the year	2,161,312	1,297,281
Transfer of apartments work-in-progress to inventories	(176,020)	(853,548)
At the end of the year	6,825,996	4,840,704

Upon completion of the project, the total project cost will be allocated in the following percentages under each asset category. As estimated at this juncture of time the final project cost allocation will be done in an absolute manner once the project is at near completion.

Asset category	Type	Cost percentage
Property, plant and Equipment and Investment Property	Office premises and Retail space	88%
Inventory	Apartments	12%
		100%

30. INVENTORIES

ACCOUNTING POLICY

Inventories are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price less estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories is:

- Finished goods - cost of direct materials and direct labour and an appropriate proportion of fixed overheads based on normal operating capacity
- Apartment inventory and apartment inventory in WIP - actual cost
- Other stock - actual cost

In Rs. '000 As at 31 March	Note	GROUP 2022	 2021 Restated
Finished goods		9,886,652	10,300,287
Apartment inventory and apartment inventory in WIP		1,402,489	1,296,625
Other stocks		2,907,402	1,477,582
		14,196,543	13,074,494
Less - provision for write-down of inventories	30.1	(725,346)	(637,670)
		13,471,197	12,436,824

30.1 Movement in provision for write-down of inventories

In Rs. '000 As at 31 March	GROUP 2022	 2021 Restated
At the beginning of the year	637,670	590,768
Acquisition of subsidiary	-	7,295
Provision for write-down of inventories	128,888	152,305
Written off during the year	(41,212)	(112,698)
At the end of the year	725,346	637,670

NOTES TO THE FINANCIAL STATEMENTS

31. TRADE AND OTHER RECEIVABLES

ACCOUNTING POLICY

Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Other financial receivables are recognised as other receivables. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Reinsurance receivables

The Group cedes insurance risk in the normal course of business for all of its businesses. Reinsurance receivables represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

In Rs. '000	Note	GROUP		COMPANY	
As at 31 March		2022	2021 Restated	2022	2021
Trade receivables	31.1	**7,513,078**	8,207,990	**1,538,184**	1,005,234
Reinsurance receivables		**412,528**	377,003	**-**	-
Loans to executives		**23,411**	23,415	**4,509**	3,458
Other receivables	31.2	**1,556,861**	3,143,450	**764,317**	23,382
		9,505,878	11,751,858	**2,307,010**	1,032,074

31.1 Trade receivables

In Rs. '000	Note	Gross	Unearned income	GROUP		COMPANY	
As at 31 March				2022	2021 Restated	2022	2021
Hire purchase debtors		2,974,594	(165,749)	**2,808,845**	2,890,856	**-**	-
Trade receivables		7,173,573	-	**7,173,573**	7,012,941	**1,687,983**	1,155,033
		10,148,167	(165,749)	**9,982,418**	9,903,797	**1,687,983**	1,155,033
Less - provision for impairment of trade receivables	31.3.1			**(2,469,340)**	(1,695,807)	**(149,799)**	(149,799)
		10,148,167	(165,749)	**7,513,078**	8,207,990	**1,538,184**	1,005,234

31.2 Other receivables

In Rs. '000	GROUP		COMPANY	
As at 31 March	2022	2021 Restated	2022	2021
Other receivables	**1,604,975**	3,494,132	**812,431**	71,496
Less - provision for impairment of other receivables	**(48,114)**	(350,682)	**(48,114)**	(48,114)
	1,556,861	3,143,450	**764,317**	23,382

31.3 Accounting judgements, estimates and assumptions

Impairment of receivables

The Group assesses the evidence of impairment of receivables at both an individual asset and at a collective level. All individually significant receivables are individually assessed for impairment by considering objective evidence i.e. significant financial difficulties or default in payments of a customer. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Receivables that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the probability of default, the timing of recoveries, and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested historical trends.

31.3.1 Movement in provision for trade receivables

In Rs. '000	GROUP		COMPANY	
As at 31 March	2022	2021	2022	2021
At the beginning of the year	**1,695,807**	1,500,876	**149,799**	136,621
Acquisition of subsidiary	**-**	17,720	**-**	-
Provision for impairment of trade receivables	**780,727**	244,609	**-**	13,178
Write offs during the year	**(7,194)**	(67,398)	**-**	-
At the end of the year	**2,469,340**	1,695,807	**149,799**	149,799

32. LOANS AND ADVANCES

ACCOUNTING POLICY

Initial recognition and measurement

Loans and advances are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs.

Policyholders loans are granted up to 90% of the surrender value of a life insurance policy at a rate equivalent to the market rate.

Subsequent measurement

Loans and advances are initially recognised at fair value, which is the cash consideration to originate or purchase the loan including any transaction costs and measured subsequently at amortised cost using the EIR, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in 'interest income' in the income statement. The losses arising from impairment are recognised in 'impairment charge for loans and advances' in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

In Rs. '000 As at 31 March	Gross	Unearned income	GROUP 2022	GROUP 2021
Consumer loan receivables	17,980	(1,320)	**16,660**	63,712
Factoring receivables	733,919	-	**733,919**	582,526
Gold loan receivables	2,903,406	-	**2,903,406**	2,265,462
Other loan receivables	5,843,384	(318,970)	**5,524,414**	6,570,670
Personal loan receivables	790,149	(66,754)	**723,395**	672,546
Revolving loan receivables	889,215	-	**889,215**	1,456,036
SME loan receivables	1,217,010	(9,242)	**1,207,768**	1,363,346
Gross loan receivable	12,395,063	(396,286)	**11,998,777**	12,974,298
Less - Allowance for impairment			**(2,677,045)**	(1,859,689)
	12,395,063	(396,286)	**9,321,732**	11,114,609
Policyholders loans	224,191	-	**224,191**	221,526
	12,619,254	(396,286)	**9,545,923**	11,336,135
Loans and advances				
Receivable within one year			**7,266,487**	8,989,576
Receivable after one year (Note - 27.3)			**2,279,436**	2,346,559
			9,545,923	11,336,135

32.1 Accounting judgements, estimates and assumptions

Impairment of loans and advances

Analysis of loan receivables on maximum exposure to credit risk

In Rs. '000 As at 31 March	Stage 1	Stage 2	Stage 3	Total 2022
Gross loan receivables				
- subject to collective impairment (excluding policyholders loans)				
Consumer loan receivables	3,982	75	12,603	**16,660**
Factoring receivables	204,603	150,013	379,303	**733,919**
Gold loan receivables	2,053,037	495,891	354,478	**2,903,406**
Other loan receivables	542,494	101,459	4,880,461	**5,524,414**
Personal loan receivables	156,319	2,412	564,664	**723,395**
Revolving loan receivables	189,887	10,525	688,803	**889,215**
SME loan receivables	66,362	9,107	1,132,299	**1,207,768**
Gross loan receivable	3,216,684	769,482	8,012,611	**11,998,777**
Less - Allowance for expected credit losses (ECL)	(33,678)	(73,733)	(2,569,634)	**(2,677,045)**
	3,183,006	695,749	5,442,977	**9,321,732**

In Rs. '000 As at 31 March	Stage 1	Stage 2	Stage 3	Total 2021
Gross loan receivables				
- subject to collective impairment (excluding policyholders loans)				
Consumer loan receivables	46,218	1,569	15,925	63,712
Factoring receivables	289,851	17,620	275,055	582,526
Gold loan receivables	1,320,735	466,400	478,327	2,265,462
Other loan receivables	1,241,648	625,786	4,703,236	6,570,670
Personal loan receivables	76,376	10,641	585,529	672,546
Revolving loan receivables	485,393	230,585	740,058	1,456,036
SME loan receivables	186,531	80,969	1,095,846	1,363,346
Gross loan receivable	3,646,752	1,433,570	7,893,976	12,974,298
Less - Allowance for expected credit losses (ECL)	(41,138)	(102,005)	(1,716,546)	(1,859,689)
	3,605,614	1,331,565	6,177,430	11,114,609

Overview of the expected credit loss (ECL) principles

Movement in allowance for expected credit losses (ECL)

In Rs. '000 As at 31 March	Stage 1	Stage 2	Stage 3	Total 2022
Balance as at 01 April 2021	41,138	102,005	1,716,546	**1,859,689**
Charge/ (reversal) to income statement	(7,460)	(28,272)	940,585	**904,853**
Transfers / movements	-	-	(87,497)	**(87,497)**
	33,678	73,733	2,569,634	**2,677,045**

In Rs. '000 As at 31 March	Stage 1	Stage 2	Stage 3	Total 2021
Balance as at 01 April 2020	72,453	139,642	1,189,350	1,401,445
Charge/ (reversal) to income statement	(31,315)	(37,637)	470,435	401,483
Transfers / movements	-	-	56,761	56,761
	41,138	102,005	1,716,546	1,859,689

The Group established a policy to perform as assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or collective basis, depending on the nature of the underlying portfolio of financial instruments.

Based on the above process, the Company groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below.

Stage 1 When loans are first recognised, the Group recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2 When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3 Loans considered credit-impaired. The Group records an allowance for the LTECLs.

NOTES TO THE FINANCIAL STATEMENTS

POCI Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The Calculation of Expected Credit Loss (ECL)

The Group calculates ECLs based on a four probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows.

Probability of Default (PD)

The probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Exposure at Default (EAD)

The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected draw downs on committed facilities, and accrued interest from missed payments.

Loss Given Default (LGD)

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The mechanism of the ECL method are summarised below.

Stage 1 The 12mECL is calculated as the portion of LTECLs that represent the ECLs that represent the ECLs that result from default events on a financial instrument that are possible with in the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation of the original EIR.

Stage2 When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3 For loans considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Loan Commitments

When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

For factoring receivables and revolving loans that include both a loan and an undrawn commitment. ECLs are calculated and presented with the loan.

Financial Guarantee contracts

The Group's liability under each guarantee is measured at the higher of the initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Group estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability - weighting of the four scenarios. The ECLs related to financial guarantee contracts are recognised within provisions.

33. OTHER CURRENT ASSETS

ACCOUNTING POLICY

The Group classifies all non-financial current assets under other current assets. Other current assets comprise mainly advances, deposits, prepayments and tax refunds and receivables.

Advances and deposits are carried at historical value less a provision for impairment. Prepayments are amortised over the period during which they are utilised and are carried at historical value less amortisation and impairments if any.

In Rs. '000 As at 31 March	GROUP		COMPANY	
	2022	2021 Restated	2022	2021
Prepayments, advances and non-cash receivables	2,673,024	2,348,852	49,434	5,215
Tax refunds and receivables	822,701	920,579	48,679	70,466
Other receivables	502,147	485,253	-	-
Suspense account	-	374,933	-	-
	3,997,872	4,129,617	98,113	75,681

34. SHORT TERM INVESTMENTS

In Rs. '000 As at 31 March	Note	GROUP		COMPANY	
		2022	2021	2022	2021
Quoted equities at market value	34.1	96,282	215,334	5,471	5,876
Unquoted equity investments	34.2	100,300	104,700	100,300	104,700
Other investments (more than 3 months and less than 1 year)	34.3	4,681,226	2,928,542	-	-
		4,877,808	3,248,576	105,771	110,576
Other investments (less than 3 months)					
Commercial papers		920,790	554,956	679,075	-
Fixed deposits		1,289,575	982,997	-	-
Government securities		4,874,234	3,460,609	-	-
Investment in Unit Trust		3,102,095	3,996,512	-	-
		10,186,694	8,995,074	679,075	-
		15,064,502	12,243,650	784,846	110,576

NOTES TO THE FINANCIAL STATEMENTS

34.1 Quoted equities at market value

In Rs. '000 As at 31 March	GROUP Number of shares	2022	2021	COMPANY Number of shares	2022	2021
ACL Cables PLC	264	10	9	-	-	-
Aitken Spense PLC	73,228	5,397	-	-	-	-
Central Finance Company PLC	-	-	10,928	-	-	-
Ceylinco Insurance PLC	89	205	98	-	-	-
Commercial Bank of Ceylon PLC	-	-	3,580	-	-	-
DFCC Bank PLC	296	24	24	-	-	-
Expolanka Holdings PLC	193,109	40,118	-	-	-	-
Hatton National Bank PLC	-	-	49,660	-	-	-
Haycarb PLC	-	-	35,983	-	-	-
Hayleys Fabric PLC	-	-	24,929	-	-	-
HNB Finance Limited	-	-	890	-	-	-
John Keells Holdings PLC	76,906	11,152	49	-	-	-
Lanka IOC PLC	168,700	5,196	1,201	63,200	1,947	1,201
Lanka Tiles PLC	997	62	62	-	-	-
LOLC Holdings PLC	37,698	22,525	-	-	-	-
LVL Energy Fund PLC	-	-	970	-	-	-
National Development Bank PLC	955	81	97	-	-	-
R I L Property PLC	-	-	1,300	-	-	-
Renuka City Hotel PLC	50	12	12	-	-	-
Richard Pieris and Company PLC	210	2	2	-	-	-
Richard Pieris Exports PLC	200	49	49	-	-	-
Royal Ceramics Lanka PLC	-	-	31,370	-	-	-
Sampath Bank PLC	56,316	2,579	3,030	56,316	2,579	3,030
Seylan Bank PLC	145	5	7	145	5	7
Seylan Bank PLC - Non Voting Shares	37,918	940	1,638	37,918	940	1,638
Teejay Lanka PLC	199,124	7,925	-	-	-	-
Tokyo Cement Company (Lanka) PLC	-	-	16,665	-	-	-
Tokyo Cement Company (Lanka) PLC - Non Voting Shares	-	-	32,781	-	-	-
		96,282	215,334		5,471	5,876

34.2 Unquoted equity investments

In Rs. '000 As at 31 March	GROUP Number of shares	2022	2021	COMPANY Number of shares	2022	2021
Cargills Bank Ltd	10,000,000	100,300	104,700	10,000,000	100,300	104,700
		100,300	104,700		100,300	104,700

34.3 Other investments

In Rs. '000 As at 31 March	GROUP 2022	 2021
Debentures maturing within a year	**560,452**	286,164
Fixed deposits	**901,673**	82,314
Government securities	**3,036,774**	1,570,557
Investment in Unit Trust	**182,327**	18,912
Commercial papers	**-**	970,595
	4,681,226	2,928,542

35. CASH AND CASH EQUIVALENTS

In Rs. '000	GROUP		COMPANY	
As at 31 March	2022	2021 Restated	2022	2021
Favourable balances				
Cash in hand and at bank	**9,123,612**	7,580,819	**1,485,572**	1,530,983
	9,123,612	7,580,819	**1,485,572**	1,530,983
Unfavourable balances				
Bank overdrafts	**6,689,573**	6,039,903	**150,329**	154,411
	6,689,573	6,039,903	**150,329**	154,411

36. STATED CAPITAL

As at 31 March	2022		2021	
	Number of shares	Value of shares Rs. '000	Number of shares	Value of shares Rs. '000
Fully paid ordinary shares				
At the beginning of the year	**1,192,543,209**	**12,119,235**	1,192,543,209	12,119,235
	1,192,543,209	**12,119,235**	1,192,543,209	12,119,235

37. OTHER COMPONENTS OF EQUITY

In Rs. '000	Note	GROUP		COMPANY	
As at 31 March		2022	2021	2022	2021
Restricted regulatory reserve	37.1	**309,613**	309,613	**-**	-
Revaluation reserve	37.2	**12,448,948**	7,662,068	**-**	-
Foreign currency translation reserve	37.3	**(141,749)**	(77,382)	**-**	-
Fair value reserve of financial assets at FVOCI	37.4	**(1,339,562)**	(816,260)	**(24,700)**	(20,300)
Statutory reserve fund	37.5	**263,436**	263,436	**-**	-
Other reserves	37.6	**(1,670,898)**	(793,132)	**-**	-
Cash flow hedge reserve	37.7	**(4,025,654)**	(866,581)	**-**	-
		5,844,134	5,681,762	**(24,700)**	(20,300)

NOTES TO THE FINANCIAL STATEMENTS

37.1 Restricted regulatory reserve reflects the equity holders share of one-off surplus attributable to policyholder non-participating fund to shareholder fund. This reserve has been made as per the direction no. 16 on 20 March 2018 issued by the 'Insurance Regulatory Commission of Sri Lanka (IRCSL) on 'Identification and Treatment of one-off surplus'.

37.2 Revaluation reserve consists of the net surplus on the revaluation of property.

37.3 Foreign currency translation reserve comprises the net exchange movement arising on the currency translation of foreign operations and net equity investments of other currency denominated associates into Sri Lankan Rupees (Rs.).

37.4 Fair value reserve of financial assets at FVOCI includes changes on fair value of financial instruments designated as financial assets at FVOCI.

37.5 Statutory reserve fund reflects the profit transfer made by Softlogic Finance PLC in compliance with the Central Bank direction no. 01 of 2003.

37.6 Other reserve is used to recognise goodwill or gains from purchases on subsequent acquisitions of further equity interests in subsidiaries and gains or losses arising from partial and deemed acquisitions/disposals in its subsidiaries.

37.7 Cash flow hedge reserve reflects the effective portion of the gain or loss on the hedging instrument.

38. INSURANCE CONTRACT LIABILITIES

ACCOUNTING POLICY

The Directors agree to the long term insurance business provisions on the recommendation of the actuary following valuation of the life insurance business. The actuarial valuation takes into account all liabilities including contingent liabilities and is based on assumptions recommended by the Appointed Actuary.

In Rs. '000 As at 31 March	Note	GROUP 2022	 2021
Insurance contract liabilities	38.1	22,559,124	17,947,994
		22,559,124	17,947,994

38.1 Movement in life insurance fund

In Rs. '000 As at 31 March	GROUP 2022	 2021
At the beginning of the year	17,947,994	13,133,911
Increase in life fund	7,240,850	6,004,061
Transfer to shareholders	(2,527,000)	(1,893,000)
Increase in insurance contract liabilities	4,713,850	4,111,061
Commission on financial reinsurance arrangement	-	761,604
Tax on policyholder bonus	(102,720)	(58,582)
At the end of the year	22,559,124	17,947,994

38.2 Change in life insurance contract liabilities

The results of Softlogic Life Insurance PLC life business segment is consolidated line by line into the Group's consolidated income statement.

The change in life insurance contract liabilities represents the transfer to the Life Fund, the difference between all income and expenditure attributable to life policyholders during the year.

Increase in insurance contract liabilities for the year ended 31 March 2021 included Rs. 761.60 Mn commission income received from financial re-insurance arrangement.

In Rs. '000	GROUP	
For the year ended 31 March	2022	2021
Revenue	19,165,724	15,066,693
Cost of sales	(10,781,208)	(7,543,891)
Gross profit	8,384,516	7,522,802
Operating expenses including distribution and administration expenses	(4,569,185)	(3,271,089)
Net finance income	3,425,519	1,752,348
Profit attributable to shareholders	(2,527,000)	(1,893,000)
Change in insurance contract liabilities	4,713,850	4,111,061

38.3 Recommendation of surplus transfer

The valuation of the life insurance fund as at 31 March 2022 was made by Appointed Actuary Mr. Kunj Behari Maheshwari, FIA, FIAI, Messrs. Towers Watson India (Pvt) Limited, who recommended:

- no transfer to shareholders from the participating life fund
- transfer of a sum of Rs. 2,527.00 Mn to non-participating life insurance fund/ insurance contract liabilities to the shareholders' fund (2021 - Rs. 1,893.00 Mn), as recommended by the Appointed Actuary was permitted by the Insurance Regulatory Commission of Sri Lanka (IRCSL).

Measurement

Life insurance liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are measured on a market consistent basis in accordance with the Solvency Margin (Risk Based Capital) Rules 2015 issued under Sections 105 and 26 (1) of the Regulation of Insurance Industry Act No. 43 of 2000, with effect from 01 January 2016. For periods up to 31 December 2015, the Company used the Net Premium Valuation (NPV) methodology to calculated insurance liabilities in accordance with the Solvency Margin (Long Term Insurance) Rules 2002.

The value of the life insurance liabilities are determined as follows:

Life insurance liabilities = Best Estimate Long term Liability (BEL) + Risk Margin for adverse deviation (RM)

The best estimate liability is measured sum of the present value of all future best estimate cash flows calculated using the risk free interest rate yield curve issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL). Further a discounted cash flow approach equivalent to Gross Premium Valuation (GPV) methodology has been used to calculate liabilities as at 31 March 2022.

Measurement is usually based on the prospective method, by determining the difference between the present value of future benefits and future premiums. The actuarial assumptions used for the calculation include, in particular, assumptions relating to:

- Mortality rates
- Lapse ratios
- Morbidity rates
- Dividend rates
- Expense assumptions
- Participating fund yield
- Expense inflation
- Bonus rates

Assumptions are estimated on a realistic basis at the time the insurance contracts are concluded and they include adequate provision for adverse deviations to make allowance for the risks of change and random fluctuations. Further in valuing the policy liability, provisions for reinsurance have been allowed in accordance with applicable reinsurance terms as per current reinsurance arrangements.

NOTES TO THE FINANCIAL STATEMENTS

Details of key assumptions used and basis of arriving for same are summarised in the following table:

Assumption	Basis of estimation
Risk free rate	Based on Sri Lankan government bond yields issued by IRCSL for the industry as at 31 March 2022
Mortality rates	Based on 67/70 Mortality rates table was used
Morbidity rates	Based on the loss ratios (loss ration is calculated as the ratio of settled and pending claims to earned premiums)
Expenses	Based on the expense investigation carried out as at 31 December 2021 on expenses incurred during 2021. For the purpose of the expense study, a functional split of expenses between acquisition or maintenance costs have been made on the basis of inputs from various departments heads of each cost centre to determine a reasonable activity based split of expenses. These have been further identified as either being premium or policy-count driven base on the nature of expenses to determine a unit cost loading for use in the valuation.
Expense inflation	The best estimate expense inflation has been assumed to be 5.0% p.a. The expense inflation assumption has remained unchanged since previous valuation. The assumption is also inline with the long term inflation target of Central Bank of Sri Lanka which is in the range of 4 % to 6%.
Persistency ratio	Discontinuance assumption are based on the experience investigation. The discontinuance assumptions are set with reference to actual experience and vary by policy duration.
Bonus rate	Bonus rate scale assumed has been arrived based on bonus declared as at 31 December 2021, based on the Company management's views on policyholder reasonable expectations. This assumes that company is expecting to maintain the current bonus levels into the future and is unchanged from the previous valuation.
Participating fund yield	Based on the weighted average of projected asset mix on expected yields for various asset types

Derecognition

The liability is derecognised when the contract is expired, discharged or cancelled.

38.4 Valuation of life insurance fund

Long duration contract liabilities included in the life insurance fund result primarily consist of traditional participating and non-participating life insurance products. The actuarial reserves have been established by Appointed Actuary Mr. Kunj Behari Maheshwari, FIA, FIAI, Messrs. Towers Watson India (Pvt) Limited as at 31 March 2022.

Details of the calculation of policy liabilities and net cash flows are provided in the following table for each class of products.

Details of product category	Basis of determinants of policy liability	Basis of calculating net cash flows
Individual traditional non-participating products	Discounting "net cash flows" at the risk free interest rate curve	Future premium income (-) death benefit outgo (+) rider benefit outgo (+) surrender benefit outgo (+) maturity benefit outgo (+) commission expenses outgo (+) policy expenses outgo (+) reinsurance recoveries (-) reinsurance premium outgo (+) reinsurance commissions (-)
Individual traditional participating products	Max (guaranteed benefit liability, total benefit liability)	Same as above
Individual universal non-participating products	Discounting "net cash flows" at the risk free interest rate curve	Future premium income (-) death benefit outgo inclusive of dividend accumulations (+) rider benefit outgo (+) surrender benefit Outgo inclusive of dividend accumulations (+) maturity benefit outgo inclusive of dividend accumulations (+) commission expense outgo (+) policy expense outgo (+) reinsurance recoveries (-) reinsurance premium outgo (+) reinsurance commission (-)

Details of product category	Basis of determinants of policy liability	Basis of calculating net cash flows
Group traditional non-participating products - Group term (life) and per day insurance	Net cash flow	Future premium income (-) death benefit outgo (+) rider benefit outgo (+) commission expenses outgo (+) policy expense outgo (+) reinsurance recoveries (-) reinsurance premium outgo (+) reinsurance commission (-)
Group traditional non-participating products - Group Hospitalisation cover	Policy liability has been set equal to Unearned Premium Reserve (UPR)	Not applicable

38.5 Solvency Margin

In the opinion of the appointed actuary, the company maintains a Capital Adequacy Ratio (CAR) of 343% and Total Available Capital (TAC) of Rs. 28,575.00 Mn as at 31 March 2022, which exceed the minimum requirement of 120% and Rs. 500.00 Mn respectively as per the Solvency Margin (Risk Based Capital) Rules 2015 requirement prescribed under section 26 (1) of the Regulation of Insurance Industry Act No. 43 of 2000.

38.6 Liability Adequacy Test (LAT)

ACCOUNTING POLICY

Measurement

At each reporting date, an assessment is made of whether the recognised life insurance liabilities are adequate by using an existing liability adequate test as laid out under SLFRS 4 – Insurance Contracts. The liability value is adjusted to the extent that it is insufficient to meet future benefits and expenses.

In performing the adequacy test, current best estimates of future contractual cash flows, including related cash flows such as claim handling and policy administration expenses, policyholder options and guarantees, as well as investment income from assets backing such liabilities, are used. A number of valuation methods are applied, including discounted cash flows to the extent that the test involves discounting of cash flows, the interest rate applied based on management's prudent expectation of current market interest rates.

Any deficiency shall be recognised in the income statement by setting up a provision for liability adequacy.

Valuation

Liability Adequacy Test for life insurance contract liability was carried out by Appointed Actuary Mr. Kunj Behari Maheshwari, FIA, FIAI, Messrs. Towers Watson India (Pvt) Limited as at 31 December 2021. When performing the LAT, the Company discounted all contractual cash flows and compared this amount with the carrying value of the liability.

Based on the actuarial assessment assets are adequate as compared to the discounted cash flows reserves and in contrast to the reserves as at 31 March 2022.

Liability Adequacy Test (LAT) in respect of the Insurance Contract Liabilities as required by SLFRS 4 - Insurance Contracts are carried out annually. Hence no additional provision was required against the LAT as at 31 March 2022.

38.7 Surplus created due to change in valuation method - one off surplus zeroed at product level

ACCOUNTING POLICY

Insurance contract liabilities are measured on a market consistent basis in accordance with the Solvency Margin (Risk Based Capital) Rules 2015 with effect from 01 January 2016. However period up to 31 December 2015, the Company used the Net Premium Valuation (NPV) methodology to calculate insurance liability in accordance with Solvency Margin (Long Term Insurance) Rules 2002.

A one off unallocated surplus was created with the migration to the new regime effective 01 January 2016.

Measurement

The surplus created due to change in Valuation Method of Policy Liabilities from Net Premium Valuation (NPV) to Gross Premium Valuation (GPV) is measured based on the difference in the policy liability valuation by the independent Actuary based on NPV and GPV bases valuation as at 31 December 2015 according to the Direction 16 "Identification and Treatment of One-Off Surplus" issued by IRCSL. According to the Direction 16, the Company has determined the One-off Surplus as the difference between NPV Solvency basis liability and GPV Distribution basis liability for both Participating business and other than Participating business.

NOTES TO THE FINANCIAL STATEMENTS

Valuation

Details of one-off adjustment as at 01 January 2016 are as follows:

In Rs. '000 Description	Participating fund	Non-Participating fund	Total
Value of Insurance contract liability based on Independent Actuary - NPV as at 31 December 2015	3,866,780	2,472,575	6,339,355
Value of Insurance contract liability based on Independent Actuary - GPV 31 December 2015	2,810,245	1,674,571	4,484,816
Surplus created due to Change in Valuation Method - One off Surplus as at 01 January 2016	1,056,535	798,004	1,854,539

38.7.1 Transfer of one-off surplus from policy holder fund to shareholder fund

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

Further distribution of one off surplus to shareholders, held as part of the "Restricted Regulatory Reserve", is subject to meeting governance requirements stipulated by the IRCSL and can only be released as dividends upon receiving approval from the IRCSL. The one off surplus in the shareholder fund will remain invested in government debt securities and deposits as disclosed in Note 38.7.2 as per the directions of the IRCSL.

One-off surplus in respect of participating business is held within the participating fund as part of the unallocated valuation surplus and may only be transferred to the Shareholder fund by means of bonuses to policyholders in line with Section 38 of the "Regulation of Insurance Industry, Act No. 43 of 2000". Please refer Note 38.7.2 for details of assets supporting the restricted regulatory reserve as at 31 March 2022.

Movement of one-off surplus after transfer

In Rs. '000 Description	Participating fund	Non-Participating fund	Total
Value of Insurance Contract Liability based on Independent Actuary – NPV as at 31 December 2015	3,866,780	2,472,575	6,339,355
Value of Insurance Contract Liability based on Independent Actuary – GPV as at 31 December 2015	2,810,245	1,674,571	4,484,816
Surplus Created due to Change in Valuation method from NPV to GPV – One off Surplus as at 01 January 2016	1,056,535	798,004	1,854,539
Transfer of One-off Surplus from long term fund to Restricted Regulatory Reserve as at 31 December 2017	-	(798,004)	(798,004)
Surplus Created due to Change in Valuation method from NPV to GPV – One off Surplus as at 31 December 2017	1,056,535	-	1,056,535
Surplus Created due to Change in Valuation method from NPV to GPV – One off Surplus as at 31 March 2018	1,056,535	-	1,056,535
Surplus Created due to Change in Valuation method from NPV to GPV – One off Surplus as at 31 March 2019	1,056,535	-	1,056,535
Surplus Created due to Change in Valuation method from NPV to GPV – One off Surplus as at 31 March 2020	1,056,535	-	1,056,535
Surplus Created due to Change in Valuation method from NPV to GPV – One off Surplus as at 31 March 2021	1,056,535	-	1,056,535
Surplus Created due to Change in Valuation method from NPV to GPV – One off Surplus as at 31 March 2022	**1,056,535**	-	**1,056,535**

Distribution of one off surplus

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

- expense allocation policy setting out basis of allocation of expenses between the shareholder fund and the policyholder fund as well as between different lines of business within the policyholder fund, particularly participating and non-participating
- dividend declaration policy for universal life business
- bonus policy for the participating business, which should include treatment of one off surplus for the purpose of bonus declaration
- assets and liability management policy
- policy on internal target Capital Adequacy Ratio
- considerations for transfer of funds from policyholder fund to shareholder fund.

These policies should be approved by the Board of Directors of the Softlogic Life Insurance PLC and must also comply with any relevant guidance issued by IRCSL from time to time. Further IRCSL will reconsider the distribution of one off surplus when the Risk Based Capital rules are revised.

NOTES TO THE FINANCIAL STATEMENTS

38.7.2 Composition of investments supporting the Restricted Regulatory Reserve as at 31 March 2022

		Face value Rs.	Market value as at 31 March 2022 Rs. '000
Government Securities			
Treasury Bonds	- LKB03044A010	100,000,000	87,149
	- LKB01534I155	50,000,000	35,828
	- LKB01534I155	50,000,000	35,828
	- LKB01534I155	50,000,000	35,828
	- LKB01534I155	50,000,000	35,828
	- LKB01528I017	100,000,000	83,860
	- LKB01529E014	50,000,000	46,832
	- LKB01529E014	50,000,000	46,832
	- LKB01529E014	50,000,000	46,832
	- LKB00322K152	200,000,000	196,979
Deposits			
Commercial Leasing & Finance PLC			338,595
Total market value of the assets			990,391

38.8 Direction 18 - Unclaimed benefits of Long Term Insurance Business

There was no transfer of any unclaimed benefit to shareholders and recorded in the life fund as unclaimed benefits if any.

38.9 Taxation on surplus distributed to the life insurance policyholder who shares the profits

With the introduction of the Inland Revenue Act no. 24 of 2017, which is effective from 01 April 2018, surplus distributed to the life insurance policyholders who shares the profits of a person engaged in the business of life insurance in a given year, as provided in the "Regulation of Insurance Industry Act no. 43 of 2000", shall be deemed as gains and profits of that person from the business and subject to tax at a rate of 24% (for three years of assessment from 01 April 2018 to 31 March 2021, gains and profits from the business subject to tax at a concessionary rate of 14%).

As recommended by the Appointed Actuary Mr. Kunj Behari Maheshwari, FIA, FIAI of Messrs. Towers Watson India (Pvt) Ltd, Softlogic Life Insurance PLC has declared a bonus of Rs. 428.00 Mn (2021 - Rs. 322.00 Mn) to life insurance policyholders who participating in the profit of life insurance business. Accordingly, there is Rs. 102.72 Mn (2021 - Rs. 58.58 Mn) tax amount is arising from policyholder who shares the profits of a person engaged in the business of life insurance. As at the reporting date, Softlogic Life Insurance PLC has utilised the tax credits to setoff this tax liability hence no income tax liability has recorded as at 31 March 2022.

38.10 Sensitivity to assumptions used

Change in key assumptions used in valuing the insurance contract liabilities would have the following effect to the Group financials:

In Rs. '000 As at 31 March	2022	2021
Effect on the change of the insurance contract liability:		
Increase by 10% in mortality rate	685,573	514,681
Decrease by 10% in mortality rate	(551,914)	(425,777)
Effect on the change of the insurance contract liability:		
Increase by 10% in morbidity rate	249,567	127,391
Decrease by 10% in morbidity rate	(136,075)	(117,319)
Effect on the change of the insurance contract liability:		
Increase by 50 basis point in risk free discount rate	(1,352,638)	(1,124,308)
Decrease by 50 basis point in risk free discount rate	1,497,602	1,234,353
Effect on the change of the insurance contract liability:		
Increase by 1% in expense ratio	610,523	550,380
Decrease by 1% in expense ratio	(651,360)	(550,118)

39. INTEREST BEARING BORROWINGS

In Rs. '000 As at 31 March	Note	GROUP 2022	 2021	COMPANY 2022	 2021
Long term bank borrowings	39.1	43,551,448	39,832,558	9,387,092	9,399,131
Debentures	39.2	1,433,577	2,444,151	-	1,012,513
Subordinated debt	39.3	4,573,116	3,112,387	-	-
Securitisations	39.4	5,019,458	4,651,556	3,642,520	2,926,951
		54,577,599	50,040,652	13,029,612	13,338,595
Repayable within one year		15,608,025	11,840,103	7,438,756	5,626,376
Repayable after one year		38,969,574	38,200,549	5,590,856	7,712,219
		54,577,599	50,040,652	13,029,612	13,338,595

NOTES TO THE FINANCIAL STATEMENTS

39.1 Long term bank borrowings

Movement in long term bank borrowings

In Rs. '000 As at 31 March	GROUP 2022	 2021	COMPANY 2022	 2021
At the beginning of the year	**39,552,416**	35,542,599	**9,308,695**	7,538,261
Additions	**5,710,606**	9,320,046	**1,959,557**	3,250,000
Acquisition of subsidiary	**-**	268,055	**-**	-
Repayments	**(6,279,425)**	(5,851,251)	**(2,068,502)**	(1,479,566)
Exchange translation difference	**3,900,585**	272,967	**-**	-
	42,884,182	39,552,416	**9,199,750**	9,308,695
Unamortised loan processing cost	**(9,430)**	(11,107)	**(7,629)**	(7,172)
Finance charges	**676,696**	291,249	**194,971**	97,608
At the end of the year	**43,551,448**	39,832,558	**9,387,092**	9,399,131

Security pledged and interest rates pertaining to interest bearing borrowings are disclosed in note 54 to the financial statements.

39.2 Debentures

Movement in debentures

In Rs. '000 As at 31 March	GROUP 2022	 2021	COMPANY 2022	 2021
At the beginning of the year	**2,400,000**	2,400,000	**1,000,000**	1,000,000
Repayments	**(1,000,000)**	-	**(1,000,000)**	-
	1,400,000	2,400,000	**-**	1,000,000
Unamortised loan processing cost	**(11,494)**	(11,974)	**-**	(1,713)
Finance charges	**45,071**	56,125	**-**	14,226
At the end of the year	**1,433,577**	2,444,151	**-**	1,012,513

Details regarding the debentures are as follows;

In Rs. '000	Annual interest rate	Interest payment frequency	Allotment date	Maturity date	Face value	Amortised cost as at 31-03-2022	Amortised cost as at 31-03-2021
Group							
Unlisted debentures							
Softlogic Holdings PLC							
Unlisted, unsecured debentures			08-02-2019	07-02-2022		-	1,012,513
						-	1,012,513
Listed debentures							
Softlogic Capital PLC							
Listed, secured, Type "A" debentures	14.75%	Semi Annually	19-12-2019	19-12-2023	250,060	**259,289**	258,854
Listed, secured, Type "B" debentures	14.50%	Monthly	19-12-2019	19-12-2024	459,880	**459,828**	459,208
Listed, secured, Type "C" debentures	15.00%	Semi Annually	19-12-2019	19-12-2024	690,050	**714,450**	713,566
Listed, secured, Type "D" debentures	13.50%	Semi Annually	19-12-2019	19-12-2024	10	**10**	10
						1,433,577	1,431,638
						1,433,577	2,444,151

39.3 Subordinated debt

Softlogic Life Insurance PLC entered into a long-term financing agreement with Finnish Fund for Industrial Cooperation Ltd ("FinnFund") and Norwegian Investment Fund for Developing Countries for USD 15.00 Mn Tier II Subordinated debt transaction to provide funding to future development of business objectives of the company. The facility was signed on 24 August 2020.

Movement in subordinated debt

In Rs. '000 As at 31 March	GROUP 2022	 2021
At the beginning of the year	**2,997,449**	-
Additions	**-**	2,772,300
Exchange translation difference	**1,410,601**	225,149
	4,408,050	2,997,449
Finance charges	**165,066**	114,938
At the end of the year	**4,573,116**	3,112,387

39.4 Securitisations

Movement in securitisations

In Rs. '000 As at 31 March	GROUP 2022	 2021	COMPANY 2022	 2021
At the beginning of the year	**4,332,371**	3,258,183	**2,664,716**	2,179,984
Additions	**3,189,151**	3,067,651	**2,493,636**	1,567,651
Repayments	**(2,758,091)**	(1,993,463)	**(1,741,385)**	(1,082,919)
	4,763,431	4,332,371	**3,416,967**	2,664,716
Unamortised loan processing cost	**(38,063)**	(34,981)	**(38,063)**	(34,981)
Finance charges	**294,090**	354,166	**263,616**	297,216
At the end of the year	**5,019,458**	4,651,556	**3,642,520**	2,926,951

NOTES TO THE FINANCIAL STATEMENTS

Nature of the facility	Interest rate	Repayment term	Outstanding balance 2022 Rs. '000	Outstanding balance 2021 Rs. '000	Carrying value of collaterals Rs. Mn.	Security
Softlogic Holdings PLC						
HNB Securitization Fund - 4	Fixed rate	18 monthly installments commencing from June 2021	**464,444**	1,000,954	603.78	Mortgage over inter company receivables of Softlogic Holdings PLC
HNB Securitization Fund - 5	Fixed rate	16 monthly installments commencing from March 2022	**1,237,692**	557,229	1,609.00	
HNB Securitization Fund - 6	Fixed rate	14 monthly installments commencing from March 2022	**763,503**	-	992.55	
HNB Securitization Fund - 7	Fixed rate	9 monthly installments commencing from July 2022	**779,631**	-	1,013.52	
HNB Securitization Fund - 8	Fixed rate	18 monthly installments commencing from July 2022	**397,250**	-	516.43	
HNB Securitization Fund - 1			**-**	419,846		
HNB Securitization Fund - 2			**-**	758,394		
HNB Securitization Fund - 3			**-**	190,528		
			3,642,520	2,926,951		
Softlogic Finance PLC						
HNB Securitization Fund - 6	Fixed rate	24 monthly installments commencing after a grace period of 5 months commencing from December 2020	**179,753**	513,921	281.00	Mortgage over Gold Loan receivables of Softlogic Finance PLC
HNB Securitization Fund - 7	Fixed rate	18 monthly installments commencing after a grace period of 6 months commencing from March 2021	**486,005**	1,001,484	647.00	Mortgage over lease and vehicle loan receivables of Softlogic Finance PLC
HNB Securitization Fund - 8	Fixed rate	24 monthly installments commencing after a grace period of 7 months commencing from July 2021	**143,487**	-	196.00	Mortgage over lease and vehicle loan receivables of Softlogic Finance PLC
HNB Securitization Fund - 9	Fixed rate	24 monthly installments commencing after a grace period of 7 months commencing from September 2021	**208,421**	-	287.00	Mortgage over lease receivables of Softlogic Finance PLC
HNB Securitization Fund - 10	Fixed rate	24 monthly installments commencing after a grace period of 7 months commencing from November 2021	**207,378**	-	289.00	Mortgage over lease receivables of Softlogic Finance PLC
HNB Securitization Fund - 11	Fixed rate	15 monthly installments commencing after a grace period of 12 months commencing from February 2022	**151,894**	-	225.00	Mortgage over lease receivables of Softlogic Finance PLC
NSB Securitization			**-**	18,672		
HNB Securitization Fund - 2			**-**	69,577		
HNB Securitization Fund - 3			**-**	35,669		
HNB Securitization Fund - 4			**-**	85,282		
			1,376,938	1,724,605		
			5,019,458	4,651,556		

39.5 Derivative financial instruments

In Rs. '000 As at 31 March	GROUP			
	2022		2021	
	Asset	Liability	Asset	Liability
Foreign currency cash flow hedges	**4,029,260**	-	867,483	-

Cash flow hedge

The risk management objective of the cash flow hedge is to hedge the risk of variation in the foreign currency exchange rates associated with USD denominated forecast sales.

The risk management strategy is to use the foreign currency variability (gains/ losses) arising from revaluation of the foreign currency loan attributable to change in the spot foreign exchange on LKR conversion of USD denominated forecast sales. The effective portion of the gain or loss on the hedging instrument is recognised in the statement of comprehensive income and any ineffective portion is recognised immediately in the Income Statement.

The amount recognised in statement of comprehensive income is transferred to the Income Statement when the hedge transaction occurs (when the forecasted revenue is realised). If the forecast transaction is no longer expected to occur, the cumulative gain or loss previously recognised in statement of comprehensive income is transferred to the Income Statement.

Ceysand Resorts Ltd

Hedging instrument - Foreign currency borrowing of USD 7.50 Mn in February 2013, maturing in March 2027, and foreign currency borrowing of USD 2.50 Mn in October 2013, maturing in March 2027

Hedged item - USD denominated sales expected to occur in March and September of 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026 and 2027

The cash flow hedge has a notional amount of USD 10.00 Mn and cash flows are expected to occur as 17 equal semi-annual installments at 15 March and 15 September of 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026 and 2027 in USD 588,235 capital and interest repayments at 15 March and 15 September of each year.

Softlogic City Hotels (Pvt) Ltd

Hedging instrument - Foreign currency borrowing of USD 36.40 Mn obtained in May 2015, maturing in July 2028

Hedged item - USD denominated sales expected to occur in each month of 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027 and upto 2028 from April 2017

The cash flow hedge has a notional amount of USD 35.39 Mn and cash flows are expected to occur as 101 monthly installments of 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027 and 2028 in total of USD 35.39 Mn capital and interest repayments at 25 of each month till July 2028.

In respect of the cash flow hedge instrument, the following balance has been recognised in the statement of comprehensive income as the fair value loss on the hedging instrument.

NOTES TO THE FINANCIAL STATEMENTS

In Rs. '000 As at 31 March	GROUP 2022	 2021
Net change in fair value on derivative financial instruments	**(3,161,777)**	(168,590)

On the hedged instrument the following attributable to the hedged risk has been recognised in the Group Income Statement.

In Rs. '000 For the year ended	GROUP 2022	 2021
Under finance expenses		
Realised exchange loss on foreign currency borrowings	-	-
Unrealised exchange loss on foreign currency borrowings	**738,808**	104,377
	738,808	104,377

Due to the impact of the COVID-19 and rapid changes in macro economic factors in the country resulted in a change in previously expected cash outflows of the loan and the forecasted sales.

40. PUBLIC DEPOSITS

In Rs. '000 As at 31 March	GROUP 2022	 2021
Deposits maturing after one year	**2,516,825**	3,035,139
Deposits maturing within one year	**13,065,182**	11,545,678
	15,582,007	14,580,817

41. EMPLOYEE BENEFIT LIABILITIES

ACCOUNTING POLICY

Defined benefit plan - Gratuity

The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the reporting date using the projected unit credit method.

Any actuarial gains or losses arising are recognised immediately in other comprehensive income.

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

The defined benefit obligation plan of the Group was amended due to the increase in retirement age enacted by the Minimum Retirement Age of Workers Act No. 28 of 2021.

The gratuity liability is not externally funded.

In Rs. '000 As at 31 March	GROUP 2022	 2021	COMPANY 2022	 2021
At the beginning of the year	**1,594,029**	1,369,586	**113,372**	103,716
Current service cost	**195,402**	204,264	**14,568**	9,540
Interest cost on benefit obligation	**107,245**	129,505	**7,612**	9,601
(Gain) / loss arising from changes in assumptions	**826**	45,152	**10,004**	(6,662)
Acquisition of subsidiary	-	4,756	-	-
Transfers from/ (to) related companies	-	-	**(37)**	102
Payments	**(187,294)**	(159,234)	**(4,964)**	(2,925)
At the end of the year	**1,710,208**	1,594,029	**140,555**	113,372

The employee benefit liability of the Group is based on the actuarial valuations carried out by Messrs. Actuarial & Management Consultants (Pvt) Ltd.

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

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund benefits 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.

Accounting judgements, estimates and assumptions

The employee benefit liability of the Group is based on the actuarial valuation carried out by an independent actuarial specialist. The actuarial valuations involve making assumptions about discount rates and future salary increases. Given the complexity of the valuation, the underlying assumptions and the long term nature of the liability, the defined benefit obligation is highly sensitive to changes in these assumptions.

All assumptions are reviewed at each reporting date.

The principal assumptions used in determining the cost of employee benefits were as bellow:

As at 31 March	2022	2021
Discount rate (%)	10.50 - 15.00	6.00 - 9.50
Future salary increases (%)	10.00 - 15.00	6.50 - 8.00

41.1 Sensitivity to assumptions used

If there is a one percentage point changes in the assumptions, it would have the following effect:

In Rs. '000	GROUP		COMPANY	
As at 31 March	2022	2021	2022	2021
Effect on the defined benefit obligation liability:				
Increase by one percentage point in discount rate	(56,438)	(60,700)	(3,685)	(3,867)
Decrease by one percentage point in discount rate	61,013	69,237	4,653	4,272
Effect on the defined benefit obligation liability:				
Increase by one percentage point in salary increment rate	68,288	76,366	4,959	4,533
Decrease by one percentage point in salary increment rate	(64,228)	(66,902)	(4,047)	(4,185)

41.2 Maturity analysis of the payments

The following payments are expected on account of employees benefit liabilities in future years.

In Rs. '000	GROUP		COMPANY	
As at 31 March	2022	2021	2022	2021
- within the next 12 months	370,063	347,585	15,785	8,320
- between 1 and 2 years	567,032	447,140	85,382	73,700
- between 3 and 5 years	409,237	398,969	16,277	13,293
- between 6 and 10 years	263,715	276,232	16,137	13,977
- beyond 10 years	100,161	124,103	6,974	4,082
Total expected payments	1,710,208	1,594,029	140,555	113,372

41.3 Weighted average durations of service

The Group's and the Company's weighted average durations of service in is 3.81 years (2021 - 4.84 years) and 3.32 years (2021 - 3.76 years) respectively.

NOTES TO THE FINANCIAL STATEMENTS

42. OTHER DEFERRED LIABILITIES

ACCOUNTING POLICY

Deferred revenue

Deferred revenue is the money received for goods or services which have not yet been delivered. According to the revenue recognition principle, it is recorded as a liability until delivery is made, at which time it is converted to revenue.

Warranty

Provisions for warranty related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience and revised annually.

In Rs. '000 As at 31 March	GROUP 2022	 2021	COMPANY 2022	 2021
42.1 Within one year				
Deferred revenue	115,962	108,212	21,622	36,036
Warranty provision	50,185	35,035	-	-
	166,147	143,247	21,622	36,036
42. 2 After one year				
Deferred revenue	226	3,604	-	3,604
	226	3,604	-	3,604
Total other deferred liabilities	166,373	146,851	21,622	39,640

43. OTHER NON-CURRENT FINANCIAL LIABILITIES

In Rs. '000 As at 31 March	Note	GROUP 2022	 2021
Advances received		431,295	373,874
Financial liabilities at fair value through profit or loss	43.1	-	154,609
Retention payable		302,411	298,500
Security deposits		5,123	5,123
		738,829	832,106

43.1 Financial liabilities at fair value through profit or loss

Softlogic Holdings PLC ("SH"), Softlogic Capital PLC ("SC") and Softlogic Life Insurance PLC ("SLI") entered into a "Shareholders Agreement" and "Share Purchase Agreement" dated 20 December 2012 as amended 13 February 2013 with Deutsche Investitions - Und Entwicklungsgesellschaft MBH ("DEG") and Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. ("FMO") to sell 19% of the ordinary shares of SLI, held by SH to FMO and 19% of the SLI ordinary shares held by SC to DEG. As per the above agreements, SC has granted a "Put Option" to FMO and DEG which will be valid for a three year period with effect from 7 March 2017 to repurchase 38% of the shares held by DEG and FMO based on a "Put Option" price as specified in the amended agreements.

On 20 December 2018, FMO sold its ownership in ordinary shares (19%) in SLI to Dalvik Inclusion (Pvt) Ltd (Dalvik) and DEG sold its ownership in ordinary shares (19%) in SLI to Milford Ceylon (Pvt) Ltd (Milford) on 16 January 2020. "Put Option" attached to initial "Shareholders Agreement" and "Share Purchase Agreement" dated 20 December 2012 as amended 13 February 2013 granted by SC remained as valid till 7 March 2020 and became null and void thereafter.

On 16 January 2020, SH, SC and SLI entered into the Fourth amendment to "Shareholders Agreement" and "Share Purchase Agreement and SC granted a "Put Option" to Dalvik and Milford which will be valid for a three year period with effect from 31 July 2024 to repurchase 38% shares held by Dalvik and Milford.

Subsequent to the evaluation of ownership interests on the shares transferred to non-controlling interests (NCI) based on pricing, voting rights, decision making and dividend rights, management determines that SH and SC have transferred full ownership interests to the NCI. Therefore, the investment in SLI shares were derecognised and any liability arising from the put option is recognised based on the option valuation methodology in line with SLFRS - 9 Financial Instruments.

Considering the probability of exercising the existing put option, the management of SC decided to reverse the entire put option liability in FY22.

43.1.1 Valuation of obligation on the put option liability

The obligation on the put option liability of the Group is based on the binomial method of valuation carried out by the management of Softlogic Capital PLC. The principal inputs used in determining the liability were:

In Rs. '000	GROUP	
As at 31 March	2022	2021
Continuous compounded risk free rate (%)	8.53	5.11
Annualised volatility (%)	34.19	35.99
Put option price/ appraisal value (Rs.)	73.63	57.09
Probability to move up (Pu) of the option value (%)	80.00	80.00
Probability to move down (Pd) of the option value (%)	20.00	20.00
Upward movement of the appraisal value (%)	1.41	1.43
Downward movement of the appraisal value (%)	0.71	0.70

Risk free rate - Rate of return of an investment with no risk of financial loss

Appraisal value - Appraisal value is based on a valuation performed by an independent valuer

43.1.2 Sensitivity of assumptions used

A one percentage point change in the assumptions would have the following effect:

In Rs. '000	GROUP	
As at 31 March	2022	2021
Effect on the put option obligation liability:		
Increase by one percentage point in risk free rate	442	(6,815)
Decrease by one percentage point in risk free rate	(460)	7,346
Effect on the put option obligation liability:		
Increase by one percentage point in appraisal value	383	(3,625)
Decrease by one percentage point in appraisal value	(383)	3,625
Effect on the put option obligation liability:		
Increase by one percentage point in probability to move up of the option value	999	(13,684)
Decrease by one percentage point in probability to move up of the option value	(1,040)	14,276

The methods and types of assumptions used in preparing the sensitivity analysis has not changed compared to the prior year.

NOTES TO THE FINANCIAL STATEMENTS

44. TRADE AND OTHER PAYABLES

ACCOUNTING POLICY

Trade payables are the aggregate amount of obligations to pay for goods or services, that have been acquired in the ordinary course of business. Trade payable are classified as current liabilities if payment is due within one year.

In Rs. '000 As at 31 March	GROUP 2022	 2021 Restated	COMPANY 2022	 2021
Trade and other payables	22,207,416	18,377,032	57,446	49,306
Trade and other payables - Related party	-	-	130,694	26,346
Contract liabilities	10,277	16,108	-	-
Unit trust fund liability	1,529	2,255	-	-
Dividend payable	754,324	109,351	-	-
Reinsurance payables	1,729,783	1,000,410	-	-
Sundry creditors including accrued expenses	4,454,021	3,889,427	-	-
	29,157,350	23,394,583	188,140	75,652

45. OTHER CURRENT FINANCIAL LIABILITIES

In Rs. '000 As at 31 March	GROUP 2022	 2021 Restated	COMPANY 2022	 2021
Loans	25,714,525	14,072,335	10,013,021	5,526,478
Commercial papers	11,964,304	12,432,200	12,661,645	14,028,282
	37,678,829	26,504,535	22,674,666	19,554,760

46. OTHER CURRENT LIABILITIES

ACCOUNTING POLICY

The Group classifies all non-financial current liabilities under other current liabilities. These include non-refundable deposits and other tax payables. These liabilities are recorded at amounts expected to be set-off at the reporting date.

In Rs. '000 As at 31 March	Note	GROUP 2022	 2021 Restated	COMPANY 2022	 2021
Advances received		552,209	207,177	-	-
Taxes payables		397,436	49,761	16,176	10,756
Other liabilities		1,141,750	540,316	25,214	21,769
Other deferred liabilities	42.1	166,147	143,247	21,622	36,036
Suspense account		125,053	-	-	-
		2,382,595	940,501	63,012	68,561

47. RELATED PARTY TRANSACTIONS

Terms and conditions of transactions with related parties

The Group and the Company carried out transactions in the ordinary course of business with the following related entities. The list of the subsidiaries and associate companies have been disclosed in the Group Directory under the Supplementary Information section of the Annual Report.

Governance structure, nature of the entity's relationships, principal place of business and the country of incorporation have been disclosed in the "Report of the Related Party Transaction Review Committee" and Group directory.

Transactions with related parties are carried out in the ordinary course of business. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash.

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

Non-recurrent related party transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 March 2021 audited financial statements, which required additional disclosures in the 2021/22 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2021 audited financial Statements, which required additional disclosures in the 2021/22 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

NOTES TO THE FINANCIAL STATEMENTS

47.1 Amounts due from related parties

In Rs. '000 As at 31 March	Note	GROUP 2022	2021	COMPANY 2022	2021
Subsidiaries	47.3	-	-	**15,233,653**	21,141,763
Equity accounted investees	47.4	**2,430**	2,274	**2,264**	2,108
Key Management Personnel		**1,900,027**	-	-	-
		1,902,457	2,274	**15,235,917**	21,143,871

47.2 Amounts due to related parties

In Rs. '000 As at 31 March	Note	GROUP 2022	2021	COMPANY 2022	2021
Subsidiaries	47.3	-	-	**20,252**	17,210
Equity accounted investees	47.5	**26,927**	30,000	**26,927**	30,000
Key Management Personnel		**1,992**	1,992	**1,992**	1,992
		28,919	31,992	**49,171**	49,202

47.3 Subsidiaries

In Rs. '000	COMPANY			
	Amount due to		Amount due from	
As at 31 March	2022	2021	2022	2021
Ceysand Resorts Ltd	**349**	1,430	-	-
Future Automobiles (Pvt) Ltd	-	-	**59,637**	62,040
Softlogic Australia (Pty) Ltd	-	-	**18,882**	13,065
Softlogic Automobiles (Pvt) Ltd	-	-	**400**	2,838
Softlogic B P O Services (Pvt) Ltd	-	-	**250,721**	191,352
Softlogic Brands (Pvt) Ltd	-	-	**153**	153
Softlogic City Hotels (Pvt) Ltd	-	-	**974,452**	973,452
Softlogic Communication Services (Pvt) Ltd	-	-	-	281
Softlogic Communications (Pvt) Ltd	**285**	-	-	731
Softlogic Computers (Pvt) Ltd	**561**	886	-	-
Softlogic Corporate Services (Pvt) Ltd	**1,251**	2,440	-	-
Softlogic Destination Management (Pvt) Ltd	-	-	**7,906**	5,593
Softlogic Healthcare Holdings Ltd	-	-	**25,867**	24,247
Softlogic Information Technologies (Pvt) Ltd	**80**	9,860	-	-
Softlogic International (Pvt) Ltd	**7,007**	670	-	-
Softlogic Mobile Distribution (Pvt) Ltd	**5,242**	-	-	320
Softlogic Pharmaceuticals (Pvt) Ltd	**5,477**	-	-	-
Softlogic Properties (Pvt) Ltd	-	-	**572,945**	638,634
Softlogic Restaurants (Pvt) Ltd	-	-	**7,589**	7,731
Softlogic Retail (Pvt) Ltd	-	280	-	-
Softlogic Retail Holdings (Pvt) Ltd	-	1,644	**1,096,863**	-
Softlogic Rewards (Pvt)Ltd	-	-	**18,601**	14,534
Softlogic Solar (Pvt) Ltd	-	-	**34,613**	34,613
Softlogic Supermarkets (Pvt) Ltd	-	-	**54**	169,555
	20,252	17,210	**3,068,683**	2,139,139
Less - Provision for impairment	-	-	**(439,055)**	(101,281)
	20,252	17,210	**2,629,628**	2,037,858

Subsidiaries

In Rs. '000	COMPANY			
	Loans received		Loans given	
As at 31 March	2022	2021	2022	2021
Asiri Hospital Holdings PLC	-	-	-	352
Ceysand Resorts Ltd	-	-	10,234	-
Cotton Collection (Pvt) Ltd	-	-	6,881	6,390
Future Automobiles (Pvt) Ltd	-	-	1,134,519	1,109,598
Odel PLC	-	-	1,861,273	1,405,219
Odel Properties One (Pvt) Ltd	-	-	18	
Softlogic Automobiles (Pvt) Ltd	-	-	147,639	144,430
Softlogic Brands (Pvt) Ltd	-	-	962,362	780,545
Softlogic City Hotels (Pvt) Ltd	-	-	505,924	384,433
Softlogic Destination Management (Pvt) Ltd	-	-	46,709	44,837
Softlogic Properties (Pvt) Ltd	-	-	68,639	68,639
Softlogic Restaurants (Pvt) Ltd	-	-	63,421	410,742
Softlogic Retail (Pvt) Ltd	-	-	4,265,438	6,313,979
Softlogic Retail Holdings (Pvt) Ltd	-	-	3,341,504	8,072,803
Softlogic Supermarkets (Pvt) Ltd	-	-	683,134	689,807
	-	-	13,097,695	19,431,774
Less - Provision for impairment	-	-	(493,670)	(327,869)
	-	-	12,604,025	19,103,905
	20,252	17,210	15,233,653	21,141,763

Interest rate for the loans given to subsidiaries - Company Average Borrowing Cost plus Margin

Repayment terms of loans given to subsidiaries - On demand

47.4 Amounts due from related parties

In Rs. '000	GROUP		COMPANY	
As at 31 March	2022	2021	2022	2021
Equity accounted investees				
Associates				
Jendo Innovations (Pvt) Ltd	2,264	2,108	2,264	2,108
Sabre Travel Network Lanka (Pvt) Ltd	166	166	-	-
	2,430	2,274	2,264	2,108

47.5 Amounts due to related parties

In Rs. '000	GROUP		COMPANY	
As at 31 March	2022	2021	2022	2021
Equity accounted investees				
Associates				
Jendo Innovations (Pvt) Ltd	26,927	30,000	26,927	30,000
	26,927	30,000	26,927	30,000

NOTES TO THE FINANCIAL STATEMENTS

47.6 Transactions with related parties

In Rs. '000	GROUP		COMPANY	
For the year ended 31 March	2022	2021	2022	2021
Subsidiaries				
(Purchases)/ sales of goods	-	-	**(1,383)**	(5,859)
(Receiving)/ rendering of services	-	-	**837,007**	790,308
(Purchases)/ sale of property plant and equipment	-	-	**(12,562)**	(2,340)
Loans given/ (obtained)	-	-	**(5,328,282)**	1,170,402
Interest received/ (paid)	-	-	**862,453**	1,367,718
Rent received/ (paid)	-	-	**66,121**	59,935
Dividend received	-	-	**1,712,285**	1,229,188
Profit on disposal of shares	-	-	-	410,500
Guarantee charges received/ (paid)	-	-	**250,692**	191,054
Guarantees given/ (received) - as at 31 March	-	-	**35,060,323**	29,276,834
Equity Accounted Investees				
Associates				
(Purchases)/ sale of property plant and equipment	**9**	28	-	-
(Receiving)/ rendering of services	**3,998**	7,112	**5,588**	9,484
Interest received/ (paid)	**157**	199	**157**	199
Key Management Personnel				
Advances given/ (received)	**1,572,321**	(33,434)	**(1,992)**	(1,992)
Guarantees given/ (obtained)	**(150,000)**	(150,000)	-	-
Loans given/ (customer deposits received)	**2,560**	4,083	-	-
Interest received / (paid) on advances given/ (customer deposits received)	**275,585**	(338)	-	-
(Purchases)/ sale of goods	-	237,898	-	-
Close family Members of KMP				
(Receiving)/ rendering of services	-	-	-	-

47.7 Compensation of Key Management Personnel

Key management personnel include members of the Board of Directors of Softlogic Holdings PLC and its subsidiary companies.

In Rs. '000	GROUP		COMPANY	
For the year ended 31 March	2022	2021	2022	2021
Short term employee benefits	**453,724**	359,527	**55,858**	46,530
Post-employment benefits	**68,338**	37,239	**6,455**	7,821
	522,062	396,766	**62,313**	54,351

48. OPERATING SEGMENT INFORMATION

ACCOUNTING POLICY

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 risks and returns are similar. The operating segments represent this business structure.

The Group is thus organised into business units based on their products and services and has seven operating business segments as follows:

Information Technology

The information Technology operating segment comprises the areas of software development, hardware and system software solutions, market specific ICT solutions and office automation solutions.

Leisure and Property

The leisure and Property operating segment comprises one five star hotel, one four star hotel, destination management and development/ sale of residential apartments.

Retail

The Retail operating segment comprises Consumer Electronics and Durables, Branded Apparels & Fashion, Telecommunication, and Quick Service Restaurants.

Automobiles

The Automobile operating segment deals in branded motor vehicles and ancillary services.

Financial Services

The Financial Services operating segment offers a complete range of financial solutions including some banking related services, insurance, stock broking, debt trading, fund management, management of Unit Trust and leasing.

Healthcare Services

The Healthcare Services operating segment comprises a leading private hospital chain providing private healthcare and laboratory services.

Others

This sector consists of Softlogic Holdings PLC, which provides ancillary services to Group companies.

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

The Board of Directors monitors the operating results of its business units separately for the purpose of making decisions about resource allocations and performance assessments.

Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the consolidated financial statements.

Transactions between operating segments are carried out in the ordinary course of business on arm's length basis.

NOTES TO THE FINANCIAL STATEMENTS

48.1 Revenue and profit

In Rs. '000	Information Technology		Leisure & Property		Retail		Automobiles	
For the year ended 31 March	2022	2021	2022	2021	2022	2021 Restated	2022	2021
Continuing operations								
Revenue								
Total revenue	7,799,947	4,905,320	1,276,819	657,720	59,104,067	44,519,299	588,674	605,552
Inter group	(1,091,603)	(620,737)	(51,237)	(9,258)	(1,267,882)	(1,070,125)	(84,479)	(34,692)
Total external revenue	6,708,344	4,284,583	1,225,582	648,462	57,836,185	43,449,174	504,195	570,860
Results from operating activities	945,422	442,001	(647,485)	(1,066,533)	897,600	214,863	(182,284)	(10,275)
Finance income	39,094	63,766	10,247	22,738	842,684	330,240	2,821	123
Finance expenses	(825,349)	(153,161)	(1,404,948)	(598,909)	(8,346,554)	(4,485,418)	(92,583)	(126,132)
Change in insurance contract liabilities	-	-	-	-	-	-	-	-
Change in fair value of investment property	12,700	(2,000)	-	-	689,380	416,800	-	-
Share of loss of equity accounted investees	-	-	-	-	-	-	-	-
Profit/ (loss) before tax	171,867	350,606	(2,042,186)	(1,642,704)	(5,916,890)	(3,523,515)	(272,046)	(136,284)
Tax expense	(34,543)	(71,139)	176,332	(34,980)	(125,249)	280,696	(10,720)	(19,001)
Profit/ (loss) for the year	137,324	279,467	(1,865,854)	(1,677,684)	(6,042,139)	(3,242,819)	(282,766)	(155,285)
Depreciation of property, plant and equipment	38,262	35,342	569,143	564,756	1,276,362	1,156,256	27,953	29,013
Amortisation of ROU assets	34,971	9,240	3,247	3,247	1,271,804	1,084,569	13,710	13,710
Amortisation/ impairment of intangible assets	77,159	67,437	7,296	7,340	51,019	39,345	-	-
Retirement benefit obligations and related cost	25,875	25,074	10,833	10,435	69,449	89,112	1,848	1,886
Purchase and construction of PPE	46,038	33,272	20,475	18,201	2,070,465	1,503,404	1,014	228
Additions to intangible assets	8,717	52,528	1,297	-	7,040	10,057	-	-

Financial Services		Healthcare Services		Others		Total		Eliminations/ Consolidation adjustments		Group	
2022	2021	2022	2021	2022	2021	2022	2021 Restated	2022	2021	2022	2021 Restated
22,745,454	17,902,901	23,071,791	16,195,049	1,016,441	925,229	115,603,193	85,711,070	-	-	115,603,193	85,711,070
(147,973)	(44,173)	(720,821)	(396,168)	(1,010,523)	(915,325)	(4,374,518)	(3,090,478)	-	-	(4,374,518)	(3,090,478)
22,597,481	17,858,728	22,350,970	15,798,881	5,918	9,904	111,228,675	82,620,592	-	-	111,228,675	82,620,592
3,369,762	3,293,775	5,807,038	2,812,403	(808,238)	676,903	9,381,815	6,363,137	645,926	(668,013)	10,027,741	5,695,124
4,177,890	2,855,341	269,518	242,335	3,441,853	3,400,530	8,784,107	6,915,073	(4,076,243)	(4,034,466)	4,707,864	2,880,607
(899,698)	(1,047,089)	(1,303,126)	(1,433,373)	(3,308,667)	(3,362,761)	(16,180,925)	(11,206,843)	2,452,537	2,856,471	(13,728,388)	(8,350,372)
(4,713,850)	(4,111,061)	-	-	-	-	(4,713,850)	(4,111,061)	-	-	(4,713,850)	(4,111,061)
-	-	-	-	117,005	28,200	819,085	443,000	(661,165)	(344,500)	157,920	98,500
-	-	-	-	(12,574)	(23,697)	(12,574)	(23,697)	-	-	(12,574)	(23,697)
1,934,104	990,966	4,773,430	1,621,365	(570,621)	719,175	(1,922,342)	(1,620,391)	(1,638,945)	(2,190,508)	(3,561,287)	(3,810,899)
(742,124)	(522,132)	(954,675)	133,170	(48,945)	25,527	(1,739,924)	(207,859)	23,425	10,701	(1,716,499)	(197,158)
1,191,980	468,834	3,818,755	1,754,535	(619,566)	744,702	(3,662,266)	(1,828,250)	(1,615,520)	(2,179,807)	(5,277,786)	(4,008,057)
187,973	200,658	1,399,955	1,333,700	27,795	27,764	3,527,443	3,347,489	(18,983)	13,315	3,508,460	3,360,804
334,557	320,617	155,751	163,993	14,555	15,011	1,828,595	1,610,387	-	-	1,828,595	1,610,387
35,496	31,180	43	84	2,268	3,612	173,281	148,998	146,272	146,272	319,553	295,270
55,134	61,624	116,733	126,362	22,775	19,276	302,647	333,769	-	-	302,647	333,769
98,377	97,063	1,276,432	1,488,326	21,280	12,599	3,534,081	3,153,093	-	-	3,534,081	3,153,093
9,609	5,797	-	-	3,127	3,119	29,790	71,501	-	-	29,790	71,501

NOTES TO THE FINANCIAL STATEMENTS

48.2 Segment assets and liabilities

In Rs. '000	Information Technology		Leisure & Property		Retail		Automobiles	
As at 31 March	2022	2021	2022	2021	2022	2021 Restated	2022	2021
Property, plant and equipment	81,505	71,682	12,844,590	11,626,178	11,084,945	9,968,779	184,208	218,984
Right of use assets	53,270	28,221	46,302	49,549	6,186,105	3,808,008	69,665	83,375
Investment property	212,700	200,000	-	-	6,748,560	6,059,180	-	-
Intangible assets	366,972	428,077	3,555	9,532	345,009	389,009	-	-
Non-current financial assets	-	-	-	-	1,235	24,427	-	-
Rental receivable on lease assets and hire purchase	-	-	-	-	-	-	-	-
Other non-current assets	6,292	1,613	6,837,645	4,849,159	743,943	565,495	9,125	9,125
Segment non-current assets	720,739	729,593	19,732,092	16,534,418	25,109,797	20,814,898	262,998	311,484
Investments in equity accounted investees								
Goodwill								
Intangible assets through business combinations								
Deferred tax assets								
Total non-current assets	720,739	729,593	19,732,092	16,534,418	25,109,797	20,814,898	262,998	311,484
Inventories	1,125,144	564,241	1,435,305	1,321,541	8,919,452	9,623,134	106,538	117,549
Trade and other receivables	1,555,733	1,549,676	182,640	76,787	3,663,862	7,011,420	53,246	30,681
Loans and advances	-	-	-	-	-	-	-	-
Rental receivable on lease assets and hire purchase	-	-	-	-	-	-	-	-
Other current assets	152,340	113,321	136,721	75,990	2,125,651	2,224,953	29,194	263,748
Short term investments	916,282	107	387	280	380,905	1,545,370	1,500	1,500
Cash in hand and at bank	625,121	159,118	252,503	166,191	9,000,934	3,610,638	23,596	47,322
Segment current assets	4,374,620	2,386,463	2,007,556	1,640,789	24,090,804	24,015,515	214,074	460,800
Amounts due from related parties	300,508	326,886	193	134,034	3,788,515	975,146	-	-
Total current assets	4,675,128	2,713,349	2,007,749	1,774,823	27,879,319	24,990,661	214,074	460,800
Total assets								

Financial Services		Healthcare Services		Others		Total		Eliminations/ Consolidation adjustments		Group	
2022	2021	2022	2021	2022	2021	2022	2021 Restated	2022	2021	2022	2021 Restated
1,107,473	1,135,092	29,612,479	25,254,266	84,877	96,915	55,000,077	48,371,896	6,135,895	5,150,693	61,135,972	53,522,589
684,408	813,249	1,183,092	1,223,789	243,576	19,320	8,466,418	6,025,511	(8,984)	(9,628)	8,457,434	6,015,883
103,237	-	-	-	939,705	822,700	8,004,202	7,081,880	(5,829,165)	(5,168,000)	2,175,037	1,913,880
154,126	180,013	9	52	1,833	974	871,504	1,007,657	-	-	871,504	1,007,657
26,468,667	20,370,113	386,327	321,346	1,974,907	1,841,118	28,831,136	22,557,004	(2,683,257)	(2,259,945)	26,147,879	20,297,059
10,218,694	4,596,942	-	-	-	-	10,218,694	4,596,942	-	-	10,218,694	4,596,942
1,000	3,500	62,408	54,474	-	-	7,660,413	5,483,366	-	-	7,660,413	5,483,366
38,737,605	27,098,909	31,244,315	26,853,927	3,244,898	2,781,027	119,052,444	95,124,256	(2,385,511)	(2,286,880)	116,666,933	92,837,376
						44,274	56,879	-	-	44,274	56,879
						4,763,210	4,763,210	-	-	4,763,210	4,763,210
						2,826,499	2,972,772	-	-	2,826,499	2,972,772
						3,027,670	3,403,359	-	-	3,027,670	3,403,359
38,737,605	27,098,909	31,244,315	26,853,927	3,244,898	2,781,027	129,714,097	106,320,476	(2,385,511)	(2,286,880)	127,328,586	104,033,596
823,172	183,863	1,011,848	664,297	-	-	13,421,459	12,474,625	49,738	(37,801)	13,471,197	12,436,824
3,820,633	2,670,321	696,868	765,150	2,330,082	1,064,752	12,303,064	13,168,787	(2,797,186)	(1,416,929)	9,505,878	11,751,858
7,268,582	9,144,674	-	-	-	-	7,268,582	9,144,674	(2,095)	(155,098)	7,266,487	8,989,576
1,044,190	665,762	-	-	-	-	1,044,190	665,762	-	-	1,044,190	665,762
931,936	933,211	535,024	444,535	96,615	75,693	4,007,481	4,131,451	(9,609)	(1,834)	3,997,872	4,129,617
14,225,988	12,839,259	182,078	282,852	786,782	110,774	16,493,922	14,780,142	(1,429,420)	(2,536,492)	15,064,502	12,243,650
1,205,356	1,353,198	656,668	702,349	1,514,697	1,542,003	13,278,875	7,580,819	(4,155,263)	-	9,123,612	7,580,819
29,319,857	27,790,288	3,082,486	2,859,183	4,728,176	2,793,222	67,817,573	61,946,260	(8,343,835)	(4,148,154)	59,473,738	57,798,106
1,143	5,042	4,238,997	1,680,771	14,948,764	21,139,063	23,278,120	24,260,942	(21,375,663)	(24,258,668)	1,902,457	2,274
29,321,000	27,795,330	7,321,483	4,539,954	19,676,940	23,932,285	91,095,693	86,207,202	(29,719,498)	(28,406,822)	61,376,195	57,800,380
						220,809,790	192,527,678	(32,105,009)	(30,693,702)	188,704,781	161,833,976

NOTES TO THE FINANCIAL STATEMENTS

48.2 Segment assets and liabilities (Contd.)

In Rs. '000	Information Technology		Leisure & Property		Retail		Automobiles	
As at 31 March	2022	2021	2022	2021	2022	2021 Restated	2022	2021
Insurance contract liabilities	-	-	-	-	-	-	-	-
Interest bearing borrowings	30,000	63,196	14,635,222	10,905,383	4,608,727	5,349,233	-	-
Lease liabilities	32,508	16,812	51,895	61,789	4,982,303	3,129,594	73,022	81,604
Public deposits	-	-	-	-	-	-	-	-
Employee benefit liabilities	188,880	151,421	47,351	45,320	356,045	343,636	13,505	10,855
Other deferred liabilities	-	-	-	-	226	-	-	-
Other non-current financial liabilities	31,687	31,687	2,713,736	2,518,615	62,853	388,853	-	-
Segment non-current liabilities	283,075	263,116	17,448,204	13,531,107	10,010,154	9,211,316	86,527	92,459
Deferred tax liabilities								
Total non-current liabilities	283,075	263,116	17,448,204	13,531,107	10,010,154	9,211,316	86,527	92,459
Trade and other payables	3,518,527	1,384,576	1,323,864	1,198,663	18,728,017	16,416,443	86,272	101,844
Income tax liabilities	91,343	64,258	(414)	(414)	308,298	(87,565)	-	-
Other current financial liabilities	411,586	734,982	47,453	44,837	23,046,141	19,904,153	1,282,158	1,254,198
Current portion of interest bearing borrowings	33,200	55,406	2,180,947	539,381	2,643,263	2,360,858	-	-
Current portion of lease liabilities	26,081	10,274	1,264	1,100	1,410,417	929,715	15,735	15,791
Other current liabilities	526,042	200,229	256,139	32,263	661,448	51,100	15,162	35,344
Public deposits	-	-	-	-	-	-	-	-
Bank overdrafts	31,391	79,319	568,364	590,448	2,510,970	2,186,267	8,555	-
Segment current liabilities	4,638,170	2,529,044	4,377,617	2,406,278	49,308,554	41,760,971	1,407,882	1,407,177
Amounts due to related parties	296,275	224,018	1,737,741	1,865,088	5,850,126	4,708,589	222,840	228,444
Total current liabilities	4,934,445	2,753,062	6,115,358	4,271,366	55,158,680	46,469,560	1,630,722	1,635,621
Total liabilities								
Total segment assets	5,395,867	3,442,942	21,739,841	18,309,241	52,989,116	45,805,559	477,072	772,284
Total segment liabilities	5,217,520	3,016,178	23,563,562	17,802,473	65,168,834	55,680,876	1,717,249	1,728,080

Financial Services		Healthcare Services		Others		Total		Eliminations/ Consolidation adjustments		Group	
2022	2021	2022	2021	2022	2021	2022	2021 Restated	2022	2021	2022	2021 Restated
22,559,124	17,947,994	-	-	-	-	22,559,124	17,947,994	-	-	22,559,124	17,947,994
8,140,403	6,229,767	5,964,366	7,940,751	5,590,856	7,712,219	38,969,574	38,200,549	-	-	38,969,574	38,200,549
505,789	581,253	264,874	237,307	203,880	11,490	6,114,271	4,119,849	(1,584)	(2,239)	6,112,687	4,117,610
2,516,825	3,036,713	-	-	-	-	2,516,825	3,036,713	-	(1,574)	2,516,825	3,035,139
263,083	262,698	698,920	666,285	142,424	113,814	1,710,208	1,594,029	-	-	1,710,208	1,594,029
-	-	-	-	-	3,604	226	3,604	-	-	226	3,604
-	154,609	-	-	-	-	2,808,276	3,093,764	(2,069,447)	(2,261,658)	738,829	832,106
33,985,224	28,213,034	6,928,160	8,844,343	5,937,160	7,841,127	74,678,504	67,996,502	(2,071,031)	(2,265,471)	72,607,473	65,731,031
						3,266,142	2,323,342	-	-	3,266,142	2,323,342
33,985,224	28,213,034	6,928,160	8,844,343	5,937,160	7,841,127	77,944,646	70,319,844	(2,071,031)	(2,265,471)	75,873,615	68,054,373
4,202,640	3,169,664	3,448,779	2,005,443	189,317	74,934	31,497,416	24,351,567	(2,340,066)	(956,984)	29,157,350	23,394,583
50,767	15,830	347,728	71,928	1,056	2,086	798,778	66,123	-	-	798,778	66,123
5,072,894	1,608,331	5,679,139	3,906,446	22,657,052	19,538,417	58,196,423	46,991,364	(20,517,594)	(20,486,829)	37,678,829	26,504,535
1,496,685	1,299,411	1,815,174	1,958,671	7,438,756	5,626,376	15,608,025	11,840,103	-	-	15,608,025	11,840,103
246,335	279,968	87,709	167,599	37,495	5,755	1,825,036	1,410,202	(584)	(469)	1,824,452	1,409,733
797,808	496,097	72,141	73,984	63,048	68,725	2,391,788	957,742	(9,193)	(17,241)	2,382,595	940,501
13,065,182	11,546,430	-	-	-	-	13,065,182	11,546,430	-	(752)	13,065,182	11,545,678
381,191	320,335	3,038,773	2,709,123	150,329	154,411	6,689,573	6,039,903	-	-	6,689,573	6,039,903
25,313,502	18,736,066	14,489,443	10,893,194	30,537,053	25,470,704	130,072,221	103,203,434	(22,867,437)	(21,462,275)	107,204,784	81,741,159
5,277	329	26,867	25,022	47,920	46,883	8,187,046	7,098,373	(8,158,127)	(7,066,381)	28,919	31,992
25,318,779	18,736,395	14,516,310	10,918,216	30,584,973	25,517,587	138,259,267	110,301,807	(31,025,564)	(28,528,656)	107,233,703	81,773,151
						216,203,913	180,621,651	(33,096,595)	(30,794,127)	183,107,318	149,827,524
68,058,605	54,894,239	38,565,798	31,393,881	22,921,838	26,713,312	220,809,790	192,527,678			188,704,781	161,833,976
59,304,003	46,949,429	21,444,470	19,762,559	36,522,133	33,358,714	216,203,913	180,621,651			183,107,318	149,827,524

NOTES TO THE FINANCIAL STATEMENTS

49. PRIOR YEAR ADJUSTMENT

The Consolidated Financial Statements have been restated in accordance with Sri Lanka Accounting Standard LKAS – 8, Accounting Policies, changes in Accounting Estimates and Errors, to reflect the following.

During the year, Softlogic Retail (Pvt) Ltd which is a subsidiary of Softlogic Holdings PLC identified that there are omissions and errors in the financial statements as specified below. Financial Statements of Softlogic Retail (Pvt) Ltd were adjusted to respective periods by restating the financial statements to be in line with the accounting records supported by source documents and external third party confirmations. All other adjustments were made through the income statement and statement of changes in equity to ensure the balances in the statement of financial position as at 31 March 2022 is accurate and is in line with the source documents and external third party confirmations.

The restatement resulted in an increase in accumulated losses, increase in trade and other payables, increase in short term borrowings, decrease in other non-current financial assets, decrease in trade and other receivables, increase in other current assets, decrease in inventories, and a net decrease in other liability categories amounting to Rs. 6,239 Mn, Rs. 4,579 Mn, Rs. 579 Mn, Rs. 687 Mn, Rs. 604 Mn, Rs. 404 Mn, Rs.195 Mn and Rs. 0.6 Mn respectively.

It also resulted in a write-off of suspense account balance (unidentified debit balance) amounting to Rs. 1,205 Mn to the income statement as disclosed in Note 18 and a suspense account (unidentified balances reflected as a liability) shown as liability amounting to Rs. 125 Mn as at 31 March 2022 as disclosed in Note 46. Management is currently in the process of substantiating the status of the present obligation prior to effecting further adjustments.

49.1 Impact to the consolidated income statement for the year ended 31 March 2021

In Rs. '000	Published for FY 2021	Impact of errors	Impact of reclassification	Published for FY 2022
Continuing operations				
Cost of sales	(56,983,728)	(272,461)	43,634	(57,212,555)
Gross profit	25,686,864	(272,461)	43,634	25,458,037
Other operating income	923,451	-	(101,941)	821,510
Administrative expenses	(17,028,203)	(370,697)	6,877	(17,392,023)
Operating profit	6,389,712	(643,158)	(51,430)	5,695,124
Finance **income**	2,880,607	-	-	2,880,607
Finance costs	(8,401,804)	2	51,430	(8,350,372)
Net finance cost	(5,521,197)	2	51,430	(5,469,765)
Loss before tax	(3,167,743)	(643,156)	-	(3,810,899)
Loss for the year	(3,364,901)	(643,156)	-	(4,008,057)
Attributable to:				
Equity holders of the parent	(4,583,848)	(643,096)	-	(5,226,944)
Non-controlling interests	1,218,947	(60)	-	1,218,887
	(3,364,901)	(643,156)	-	(4,008,057)
Loss per share				
Basic	3.84	0.54	-	4.38

49.2 Impact to the consolidated financial position as at 01 April 2020 and 31 March 2021

In Rs. '000	Equity as at 31 March 2021				Equity as at 1 April 2020		
	Published FY 2021	Adjustments made to prior period	Impact of errors	Published for FY 2022	Published for FY 2020	Impact of errors	Published for FY 2022
Assets							
Non-current assets							
Other non current financial assets	20,983,765	-	(686,706)	20,297,059	16,554,159	(1,487,164)	15,066,995
	104,720,302	-	(686,706)	104,033,596	95,777,229	(1,487,164)	94,290,065
Current assets							
Inventories	12,631,624	(288,182)	93,382	12,436,824	12,434,764	(288,182)	12,146,582
Trade and other receivables	12,355,587	(924,945)	321,216	11,751,858	12,391,226	562,219	12,953,445
Other current assets	3,725,846	720,406	(316,635)	4,129,617	3,822,063	720,406	4,542,469
Cash in hand and at bank	7,580,957	(138)	-	7,580,819	3,726,096	(138)	3,725,958
	58,195,276	(492,859)	97,963	57,800,380	54,266,735	994,305	55,261,040
Total Assets	162,915,578	(492,859)	(588,743)	161,833,976	150,043,964	(492,859)	149,551,105
Equity and liabilities							
Accumulated losses	(11,976,552)	(5,596,068)	(643,096)	(18,215,716)	(7,395,133)	(5,596,068)	(12,991,201)
Equity attributable to equity holders of the parent	5,824,445	(5,596,068)	(643,096)	(414,719)	9,507,042	(5,596,068)	3,910,974
Non-controlling interests	12,421,760	(529)	(60)	12,421,171	12,218,723	(529)	12,218,194
Total equity	18,246,205	(5,596,597)	(643,156)	12,006,452	21,725,765	(5,596,597)	16,129,168
Current liabilities							
Trade and other payables	18,815,377	1,946,075	2,633,131	23,394,583	8,645,807	1,946,075	10,591,882
Short term borrowings	25,925,388	3,052,865	(2,473,718)	26,504,535	27,690,199	3,052,865	30,743,064
Other current liabilities	940,565	(64)	-	940,501	1,506,617	(64)	1,506,553
Bank overdrafts	6,040,041	104,862	(105,000)	6,039,903	7,262,837	104,862	7,367,699
	76,615,000	5,103,738	54,413	81,773,151	69,350,402	5,103,738	74,454,140
Total liabilities	144,669,373	5,103,738	54,413	149,827,524	128,318,199	5,103,738	133,421,937
Total equity and liabilities	162,915,578	(492,859)	(588,743)	161,833,976	150,043,964	(492,859)	149,551,105

NOTES TO THE FINANCIAL STATEMENTS

49.3 Impact to the consolidated cashflow statement for the year ended 31 March 2021

In Rs. '000	Published for FY 2021	Impact of errors	Published for FY 2022
Cash flows from/ (used in) operating activities			
Loss before tax from continuing operations	(3,167,743)	(643,156)	(3,810,899)
Profit before working capital changes	8,941,450	(584,176)	8,357,274
Cash generated from/ (used in) operations	20,336,451	2,589,584	22,926,035
Net cash flow from/ (used in) operating activities	14,547,038	2,578,718	17,125,756
Net cash flow from financing activities			
	2,486,035	(2,473,718)	12,317
Net increase/ (decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning	5,614,082	105,000	5,719,082
Cash and cash equivalents at the end	4,919,883	(105,000)	4,814,883
	10,535,990	-	10,535,990
Analysis of cash and cash equivalents			
Favourable balances			
Cash in hand and at Bank			
Unfavourable balances	7,580,957	(138)	7,580,819
Bank overdrafts			
Cash and cash equivalents	(6,040,041)	138	(6,039,903)
	10,535,990	-	10,535,990

50. IMPACT FROM RAPID CHANGES IN MACRO ECONOMIC FACTORS

NAVIGATING A CRISIS

The economic crisis and the surrounding factors that emerged towards the latter part of the financial year caused wide-ranging disruptions across many industries and continued to pose many short to medium-term impacts to the Group.

The Group continued to monitor the varied impacts to its diverse sectors, while relying on its synergies and longstanding capabilities to address an extremely volatile and challenging environment.

Liquidity Shortage and Foreign Exchange Volatility

- The depletion of foreign exchange reserves impacted many segments, including the automobiles, information technology and retail and telecommunications sectors.
- In this regard, the Group faced considerable pressures with respect to sourcing finished goods such as electronic items, automobiles, spare parts and other consumer goods.
- The depreciation of the rupee and the volatile exchange rates has continued to challenge traditional cost structures and resulted in a considerable surge in market pricing.
- These impacts could potentially pose an adverse impact to the Group's bottom-line and performance.

Import Restrictions

- The ban on the importation of new motor vehicles continued, further exacerbated by a ban on the importation of other automotive related spare parts.
- The depletion of foreign exchange resulted in import restrictions, thereby limiting the Group's ability to source many goods within the scope of its traditional offering.

Energy Crisis

- The shortage of fuel and electricity disrupted local and global supply chains, while causing negative implications to logistics and operations across all business sectors.
- All sectors faced challenges with respect to business continuity and distribution capabilities, with many businesses reliant on grid electricity and fuel for mobility of goods and people.

Inflation and Pricing

- Increased inflation will continue to impact all sectors, with potential for wage pressures and a rising focus on employee welfare.

Monetary and Fiscal Policies

- Rising interest rates and economic instability will impact the financial sector.

Socio-economic Instability and Global Challenges

- A subdued environment for the leisure sector was evident due to travel advisories issued during the height of the crisis, in addition to global constraints experienced by traditional tourist markets.
- An increased migration of talent took place, in the wake of the crisis.

NOTES TO THE FINANCIAL STATEMENTS

KEY DYNAMICS

Sector	Degree of Impact	Implications on the Sector	Enablers of Resilience
Retail	● (High)	› Challenges in sourcing mobile phones, laptops, computers and other electronic goods due to a shortage of foreign exchange, import restrictions and supply chain disruptions › Inflation may impact brand loyalty and demand	› Seeking opportunities for local sourcing › Leveraging on the growth in e-commerce and digitalisation › Leveraging agile structures to seek innovative solutions
Healthcare Services	● (Low)	› Challenges to business continuity due to the fuel and electricity shortages	
Financial Services	● (Low)	› A drop in consumer spending due to inflationary pressures › Increase of interest rates will impact the NBFI segment	› A differentiated approach towards wealth creation and insurance products › A strong demand for life and health-insurance related products
Leisure and Property	● (High)	› Socio-political unrest and an impact on tourist arrivals › Restrictions on the importation of consumables and other goods › Rising inflation and pressures on disposable income in traditional source markets leading to a drop in demand › A surge in energy costs and a shortage of electricity and fuel impacting operations › Rising inflation placing pressure on costs and margins	› A greater focus on capturing the domestic market › Seeking emerging markets in the M.I.C.E. segment › Rising property rates
Automobiles	● (High)	› Import restrictions on new vehicles and spare parts severely curtailed business performance › Low levels of demand for tourist buses amid the downturn in the leisure industry › Mobility restrictions led to a decline in service income	› Cost optimisation and improved debtor management practices › Leveraging on a growing health sector to supply ambulances
Information Technology and Others	● (Moderate)	› Diminished consumer spending and operational constraints due to rising costs › Impact on the bottom-line due to rising costs and inflationary pressures › Challenges in executing contracts due to reduced working capital	› Seeking out lucrative opportunities in the overseas market to generate essential foreign exchange and support other sectors of the Group › Distinctive product offerings › Unmatched service and a commitment to excellence › A growing market for digital solutions due to the fuel crisis and COVID-19 induced digitalisation

The following table outlines a detailed perspective of the sectoral impact and their response.

● High Impact ● Moderate Impact ● Low Impact

51. CONTINGENT LIABILITIES

ACCOUNTING POLICY

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only if it is virtually certain.

The expense relating to any provision is presented in the income statement net of any reimbursement.

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

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

Subsequently, it is measured at the higher of:

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

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

As at reporting date, there were no significant contingent liabilities at the date of the statement of financial position which require adjustment to or disclosure in the financial statements, other than disclosed below.

No provision has been made in respect of the contingent liabilities stated below for the reasons given.

51.1 Asiri Surgical Hospital PLC

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

Since there is litigation in the Court of Appeal in CA (Writ) 386/2016 with regard to this matter, in accordance with Paragraph 92 of LKAS 37, the group is unable to provide further information on this and associated risks, in order not to impair the outcome and/ or prejudice the subsidiary's position in this matter. The aforesaid matter is coming up for argument in February 2024.

51.2 Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC and Central Hospitals Ltd

Pending litigations against Asiri Hospital Holdings PLC , Asiri Surgical Hospital PLC and Central Hospitals Ltd with a maximum liability of Rs. 66.00 Mn, Rs. 46.00 Mn and Rs. 104.00 Mn respectively exist as at 31 March 2022 (2021 - Asiri Hospital Holdings PLC : Rs. 41.00 Mn, Asiri Surgical Hospital PLC : Rs. 13.20 Mn and Central Hospitals Ltd - Rs. 100.00 Mn).

Although there can be no assurance, the Directors of respective companies believe, based on the information currently available, that the resolution of such legal processes are not likely to have a material adverse effect on the companies or the Group.

51.3 Asiri Central Hospitals Ltd

H.C. (Civil) 417/2015/MR - Krishnan Thangaraj Vs. Asiri Central Hospitals Ltd, Oraz International Property Developers and Construction (Pvt) Ltd and H.G. Shalika Perera relating to a permanent injunction restraining the payment of any commission on the sale of the land and premises bearing assessment no. 37, Horton Place, Colombo 07 to P.P.M. Edwards.

An enjoining order was issued restraining above at the first instance.

51.4 Softlogic Finance PLC

District Court of Colombo DMR 3743/19 - Customer of Softlogic Finance PLC has filed a case against the company claiming damages of Rs. 100.00 Mn for the reputational loss and mental agony suffered.

District Court of Colombo DMR 3689/21 - Customer of Softlogic Finance PLC has filed a case against the company claiming damages of Rs. 70.00 Mn for the Deed of Transfer executed over his property in favour of Softlogic Finance PLC.

NOTES TO THE FINANCIAL STATEMENTS

51.5 Softlogic Life Insurance PLC (SLI)

Value Added Tax (VAT)

The company has received tax assessments on Value Added Tax in April 2013 for the taxable period ended 31 December 2010 amounting to Rs. 71.30 Mn.

Out of received VAT assessments, 8 assessments issued for the taxable period ended 31 December 2010 was determined in favour of CGIR and case is stated for the opinion of the Honourable Court of Appeal and the company is awaiting the final decision. The total exposure of this appeal is Rs. 46.50 Mn including the penalty.

Remaining 3 assessments issued for the taxable period ended 31 December 2010 was determined in favour of the company and case is stated for the opinion of the Honourable Court of Appeal and the company is awaiting the final decision. The total exposure of this appeal is Rs. 24.80 Mn including the penalty.

Value Added Tax on Financial Services

The company has received tax assessments on Value Added Tax on Financial Services in July 2018, August 2019, February 2020 and December 2021 for the taxable period ended 31 December 2014, 31 December 2016, 31 December 2017 and 31 December 2018 amounting to Rs. 68.70 Mn, Rs. 28.00 Mn, Rs. 102.4 Mn and 72.60 Mn respectively.

The company has appealed to the Tax Appeals Commission on the assessment determined in favour of CGIR for the taxable period ended 31 December 2014 and awaits the final decision.

The company has filed an appeal in to CGIR for the taxable periods ended 31 December 2016, 31 December 2017, 31 December 2018 respectively in September 2019, February 2020 and January 2022 respectively on the basis that the underlying computation includes items which are out of scope of the Value Added Tax Act. The company is awaiting the CGIR determination.

Nation Building Tax on Financial Services

The company has received tax assessments on Nation Building Tax for the taxable period ended 31 December 2017 and 31 December 2018 amounting to Rs. 13.70 Mn and 9.70 Mn respectively.

The company has filed an appeal in February 2020 on the basis that the underlying computation includes items which are out of scope of the Nation Building Tax Act. The company is awaiting the CGIR determination.

Life Insurance Taxation

The tax assessment raised for the year of assessment 2010/11 amounting to Rs. 0.68 Mn was determined in favour of the company by the Tax Appeals Commission and the CGIR has transmitted this case to the Court of Appeal being dissatisfied with the said determination and awaits final decision.

The tax assessment raised for the year of assessment 2011/12 and 2012/13 amounting to Rs. 10.10 Mn and Rs. 12.40 Mn was determined in favour of CGIR and the company has transmitted this case to the Court of Appeal being dissatisfied with the said determination and awaits final decision.

The Commissioner General of Inland Revenue has issued it's determination notices on the appeals filed the company for Life Insurance taxation for the year of assessment 2014/15, 2015/16, 2016/17 and 2017/18 amounting to Rs. 681.70 Mn. The company has appealed to the Tax Appeals Commission and awaits the final decision.

Further, the company has received tax assessments for Life Insurance taxation for the year of assessment 2017/18 amounting to Rs. 533.40 Mn with penalty. The company has lodged a valid appeal against the said assessment and awaits the CGIR determination.

Economic Service Charge

The company has received a tax assessment on Economic Service Charge in August 2020 for the taxable period ended 31 December 2017 amounting to Rs. 7.30 Mn.

The company has filed an appeal in October 2020 on the basis that the underlying computation includes items which are out of scope of the Economic Service Charge Act. The company is awaiting the CGIR determination.

Based on the information available and the advice of the tax consultants, the Directors of the company are confident that the company has followed due process and acted in accordance with the prevailing laws in its tax submissions and therefore the resolution of this contingency is unlikely to have a material adverse effect on the company or the Group.

52. CAPITAL AND OTHER COMMITMENTS

52.1 Capital commitments

In Rs. '000 As at 31 March	GROUP 2022	 2021
Capital commitments approved but not provided for	**3,226,696**	3,983,301
Capital commitments approved but not contracted	**8,310,000**	8,310,000

52.2 Guarantees issued and in-force, and commitments for unutilised facilities

In Rs. '000	GROUP		COMPANY	
As at 31 March	2022	2021	2022	2021
Guarantees issued and in-force	**433,047**	82,240	**35,060,323**	29,276,834
Commitment for unutilised facilities	**759,541**	772,190	**-**	-

53. EVENTS AFTER THE REPORTING PERIOD

There were no significant events subsequent to the date of the statement of financial position, which require disclosure in the financial statements other than the following.

53.1 Softlogic Retail Holdings (Pvt) Ltd

The Directors of Softlogic Retail Holdings (Pvt) Ltd, a subsidiary of Softlogic Holdings PLC, announced that the company acquired the 100% stake in Footwear Retailers Ltd (formerly known as "Bata Shoe Company of Ceylon Ltd") on 14 September 2023 for a consideration of Rs. 293.00 Mn. With the acquisition of Footwear Retailers Ltd, Softlogic Retail Holdings (Pvt) Ltd has been granted the manufacturing license and distribution rights and the exclusive retail franchise rights for "Bata" and Bata products in Sri Lanka.

53.2 Softlogic Capital PLC

Potential Sale of Softlogic Life Insurance PLC

The Directors of Softlogic Capital PLC, a subsidiary of Softlogic Holdings PLC, made a public announcement to CSE on 15 February 2023 on the potential sale of Softlogic Life Insurance PLC.

As at the reporting date there has not been a binding commitment reached in this regard.

53.3 Softlogic Finance PLC

Rights issue announcement

The Directors of Softlogic Finance PLC, a subsidiary of Softlogic Holdings PLC, announced that the Company will issue 116,483,901 ordinary shares by way of a Rights Issue at a price of Rs. 7.31 per share. The issue of shares by the way of a Rights Issue approved by shareholder at an Extraordinary General Meeting held on 20 October 2021.

The proceeds from the aforesaid Rights Issue will be used for the purpose of improving Core Capital (Tier 1) requirements of Softlogic Finance PLC.

Caps Imposed by CBSL

As per the latest letter received from CBSL dated 10 April 2023, the caps imposed on Total Deposits and Total Lending Portfolio have been downsized to Rs. 10.50 Bn and Rs. 13.50 Bn respectively by 30 June 2023. Further, Rs. 5.60 Bn cap has been imposed on borrowings through commercial papers (with accrued interest payable) with immediate effect.

NOTES TO THE FINANCIAL STATEMENTS

53.4 Surcharge tax

The Government of Sri Lanka in its Budget for 2022 proposed a one-time tax, referred to as a surcharge tax, at the rate of 25% to be imposed on any companies that have earned a taxable income in excess of LK Rs. 2,000.00 Mn for the year of assessment 2020/21. The tax is imposed by the Surcharge Tax Act No. 14 of 2022 which was passed by the Parliament of Sri Lanka on 7 April 2022. As the law imposing the surcharge tax was enacted after the reporting period end, the financial statements for the year ended 31 March 2022 do not reflect the tax liability pending further evaluation.

53.5 Inland Revenue (Amendment) Act, No. 45 of 2022

Provisions of the Inland Revenue Act No. 24 of 2017 was amended by Inland Revenue (Amendment) Act No. 45 of 2022. The changes have significant effects on deferred and current income taxes.

53.6 Value Added Tax (Amendment) Act, No. 44 of 2022

Provision of Value Added Tax Act was amended by Inland Revenue (Amendment) Act No. 45 of 2022, enacted in 2022.

53.7 Social Security Contribution Levy Act, No. 25 of 2022

Effective from 1 October 2022, the SSCL will be charged at 2.5% of liable turnover.

53.8 Increase in interest rate

There were substantive changes in interest rates after 31 March 2022, arising from monetary policy rate revision on 8 April 2022. The Monetary Board of the Central Bank decided to maintain the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) of the Central Bank at their current levels of 11.00 per cent and 12.00 per cent, respectively.

53.9 Fluctuation in foreign exchange rates

The Sri Lankan Rupee that remained around Rs. 202-203 per US dollar till early March 2022, depreciated thereafter, as a result of the measured adjustment that was allowed in the determination of the exchange rate in the first week of March 2022. The subsequent market adjustment due to heightened pressure in the domestic foreign exchange market resulted in an overshooting of the exchange rate. Accordingly, during the year up to 12 May 2022, the rupee recorded a depreciation of 44.3 per cent against the US dollar. Meanwhile, reflecting cross-currency movements, the Sri Lanka rupee depreciated against the euro, the pound sterling, the Japanese yen, the Australian dollar, and the Indian rupee during the year up to 12 May 2022.

53.10 Sri Lanka's credit rating including default on debt obligations and negotiation of IMF bailout package by Government of Sri Lanka

The lack of liquidity in the foreign exchange markets suspended the servicing of external debt. In this backdrop, Sri Lanka moved to a pre-emptive default status, until such time progress is made on the debt restructuring process. This prompted a downgrading of the sovereign rating to restricted default (RD) or equivalent by all rating agencies which exacerbated the financial challenges within the country in the short-term, including a lack of foreign exchange liquidity in the domestic markets and challenges in obtaining bank funding lines

However in September 2022, Sri Lanka reached a staff level agreement on an Extended Fund Facility (EFF) arrangement of USD 3.00 Bn with the International Monetary Fund (IMF). This EFF arrangement includes series of conditions that included tightening its fiscal and monetary policies, public sector reforms and restructuring of debt with its main international creditors.

After having series of discussions with IMF, Sri Lanka received approval from the Executive Board of the IMF for the EFF arrangement of USD 3.00 Bn in March 2023 with the aim of restoring macroeconomic stability and debt sustainability. In April 2023, Sri Lanka received the initial tranche of USD 333.00 Mn.

54. INTEREST BEARING BORROWINGS

54.1 Security and repayment terms

Company	Lending institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance 2022 Rs. '000	Outstanding Balance 2021 Rs. '000	Carrying value of collaterals Rs. Mn.	Security
Softlogic Holdings PLC	Seylan Bank PLC	Term loan	AWPLR plus margin	05 monthly installments commencing from February 2022	**33,566**	134,655	5,111.11	a) Primary concurrent mortgage for Rs. 70.00 Mn over land and building at No. 14, De Fonseka Place Colombo - 05 b) Secondary concurrent mortgage for Rs. 30.00 Mn over land and building at No. 14, De Fonseka Place Colombo - 05 c) 105,440,000 shares of Asiri Hospital Holdings PLC, 170,187,477 shares of Softlogic Capital PLC and 63,200 shares of Lanka IOC PLC owned by Softlogic Holdings PLC
		Term loan	AWPLR plus margin	07 monthly installments commencing from February 2022	**15,202**	43,733		
		Term loan	AWPLR plus margin	07 monthly installments commencing from February 2022	**35,453**	109,558		
		Term loan	AWPLR plus margin	60 monthly installments commencing from March 2022	**750,000**	-		
		Term loan	AWPLR plus margin	42 monthly installments commencing from February 2022	**170,249**	236,108		
		Term loan	AWPLR plus margin	46 monthly installments commencing from February 2022	**210,951**	251,024		
	Commercial Bank of Ceylon PLC	Term loan	AWPLR plus margin	13 monthly installments commencing from September 2021	**210,276**	402,700	1,038.75	a) Primary mortgage for Rs. 750.00 Mn over 100,000,000 shares of Softlogic Capital PLC owned by Softlogic Holdings PLC b) 7,700,000 shares of Asiri Hospital Holdings PLC owned by Softlogic Holdings PLC
		Term loan	AWPLR plus margin	24 monthly installments commencing from January 2022	**101,860**	-		
		Term loan	AWPLR plus margin	30 equal monthly installements commencing from September 2021	**605,991**	750,901	983.00	a) Primary mortgage for Rs. 500.00 Mn over 25,000,000 shares of Odel PLC owned by Softlogic Retail Holdings (Pvt) Ltd b) Primary mortgage for Rs. 483.00 Mn over 25,700,000 shares of Asiri Hospital Holdings PLC owned by Softlogic Holdings PLC
		Term loan	AWPLR plus margin	24 monthly installments commencing from January 2022	**91,600**	-		

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Company	Lending institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance 2022 Rs. '000	Outstanding Balance 2021 Rs. '000	Carrying value of collaterals Rs. Mn.	Security
	Hatton National Bank PLC	Term loan	AWPLR plus margin	16 equal quarterly installments commencing from December 2022	**672,557**	-	4,192.29	111,794,301 shares of Asiri Hospital Holdings PLC owned by Softlogic Holdings PLC
		Term loan			-	34,424		
		Term loan			-	172,939		
	Nations Trust Bank PLC	Term loan	AWPLR plus margin	8 equal quarterly installments commencing from August 2021	**305,365**	397,922	1,046.64	Rs.1,000.00 Mn worth of 37,398,004 shares of Asiri Hospital Holdings PLC and 7,522,861 shares of Softlogic Capital PLC owned by Softlogic Holdings PLC
	Sampath Bank PLC	Term loan	AWPLR plus margin	30 monthly installments commencing from February 2022	**385,243**	648,865	4,662.28	a) 151,166,182 shares of Softlogic Capital PLC owned by Softlogic Holdings PLC
		Term loan	AWPLR plus margin	21 monthly installments commencing from February 2022	**45,229**			b) 48,250,000 shares of Softlogic Life Insurance PLC owned by Softlogic Capital PLC c) Corporate guarantees from Softlogic Capital PLC for Rs. 1,631.00 Mn
	People's Bank	Term loan	AWPLR plus margin	26 monthly installments commencing from January 2022	**502,749**	543,785	9,276.16	a) 28,467,691 shares of Asiri Hospital Holdings PLC, 139,638,435 shares of Softlogic Capital PLC, 175,550 shares of Softlogic Life Insurance PLC and 2,373,680 shares of Softlogic Finance PLC and owned by Softlogic Holdings PLC
		Term loan	AWPLR plus margin	16 monthly installments commencing from January 2022	**646,712**	676,023		
		Term loan	AWPLR plus margin	54 monthly installments commencing from January 2022	**2,002,127**	2,001,562		b) 49,702,271 shares of Odel PLC owned by Softlogic Retail Holdings (Pvt) Ltd c) Corporate guarantee from Softlogic Retail (Pvt) Ltd for Rs. 2,000.00 Mn d) Corporate guarantee from Softlogic Retail (Pvt) Ltd for Rs. 2,000.00 Mn e) Corporate guarantee from Softlogic Retail (Pvt) Ltd for Rs. 2,000.00 Mn
	Pan Asia Banking Corporation PLC	Term loan			-	274,241		

Company	Lending institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance		Carrying value of collaterals	Security
					2022 Rs. '000	2021 Rs. '000	Rs. Mn.	
	Bank of Ceylon	Term loan	AWPLR plus margin	40 monthly installments commencing from September 2022	**683,079**	879,165	1,768.55	a) 62,894,000 shares of Odel PLC owned by Softlogic Retail Holdings (Pvt) Ltd b) 29,700,000 shares of Odel PLC owned by Softlogic Retail Holdings (Pvt) Ltd
		Term loan	AWPLR plus margin	39 monthly installments commencing from September 2022	**332,073**	433,729		
		Term loan	AWPLR plus margin	21 monthly installments commencing from September 2021	**4,881**	-		
		Term loan	AWPLR plus margin	21 monthly installments commencing from September 2021	**21,430**	-		
		Term loan	AWPLR plus margin	24 monthly installments commencing from September 2021	**111,551**	-		
		Term loan	AWPLR plus margin	24 monthly installments commencing from September 2021	**55,485**	-		
	DFCC Bank PLC	Term loan	AWPLR plus margin	46 monthly installments commencing from November 2021	**424,718**	434,811	838.97	43,925,000 shares of Odel PLC owned by Softlogic Retail Holdings (Pvt) Ltd
		Term loan	AWPLR plus margin	64 monthly installments commencing from November 2021	**968,746**	972,986	2,625.00	70,000,000 shares of Asiri Hospital Holdings PLC owned by Softlogic Holdings PLC
					9,387,093	9,399,131		

NOTES TO THE FINANCIAL STATEMENTS

52. INTEREST BEARING BORROWINGS

52.2 Security and repayment terms

Company	Lending institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance 2022 Rs. '000	Outstanding Balance 2021 Rs. '000	Carrying value of collaterals Rs. Mn.	Security
Softlogic Retail Holdings (Pvt) Ltd	Hatton National Bank PLC	Term loan	AWPLR plus margin	60 monthly installments commencing after a grace period of 6 months commencing from July 2021	**167,000**	175,000	175.00	Corporate guarantee from Softlogic Holdings PLC for Rs.175.00 Mn
		Term loan	AWPLR plus margin	20 monthly installments commencing from March 2021	**88,461**	331,714	4,496.48	a) 62,588,236 shares of Asiri Hospital Holdings PLC owned by Softlogic Holdings PLC b) Corporate guarantee from Softlogic Holdings PLC for Rs.1,074.71 Mn c) Corporate guarantee from Softlogic Retail (Pvt) Ltd for Rs.1,074.71 Mn
		Term loan	AWPLR plus margin	20 monthly installments commencing from March 2021	**81,499**	360,936		
		Term loan			-	105,000		
Softlogic Retail (Pvt) Ltd	Commercial Bank of Ceylon PLC	Term loan	PLR plus margin	48 monthly installments commencing from June 2018	**50,000**	125,000	807.52	a) Mortgage bond for Rs. 1,540.00 mn over credit and debit card sales receivables including installment sales of all outlets of the Softlogic Retail (Pvt) Ltd b) Supplementary mortgage bond over credit and debit card sales including installment sales of all outlets of the Softlogic Retail (Pvt) Ltd c) Mortgage bond for Rs. 100.00 Mn over credit and debit card sales including installment sales of all outlets of the Softlogic Retail (Pvt) Ltd routed through the acquiring and participating banks d) Floating mortgage bond for Rs. 100.00 Mn over credit and debit card sales including installment sales of all outlets of the Softlogic Retail (Pvt) Ltd routed through the acquiring and participating banks
		Term loan	AWPLR plus margin	60 equal monthly installments commencing from February 2020	**750,000**	933,000		
		Term loan	AWPLR plus margin	24 equal monthly installments commencing from September 2020	**7,523**	22,566		
		Term loan			-	22,900		

Company	Lending institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance 2022 Rs. '000	Outstanding Balance 2021 Rs. '000	Carrying value of collaterals Rs. Mn.	Security
		Term loan			-	46,888		e) Floating mortgage bond for Rs. 300.00 Mn over credit and debit card sales including installment sales of all outlets of the Softlogic Retail (Pvt) Ltd routed through the acquiring and participating banks
	DFCC Bank PLC	Term loan	AWPLR plus margin	36 equal monthly installments commencing from May 2019	**44,444**	105,511	300.00	Primary floating mortgage bond for Rs. 300 Mn over property situated at No. 402, Galle Road, Colombo - 03 owned by Softlogic Retail (Pvt) Ltd
		Term loan	AWPLR plus margin	Moratorium Interest	**2,116**	-		
		Term loan	AWPLR plus margin	Moratorium Interest	**11,111**	-		
Softlogic City Hotels (Pvt) Ltd	Commercial Bank of Ceylon PLC	Term Loan	LIBOR plus margin	96 monthly installments after 28 months grace period commencing from July 2022	**9,398,309**	6,044,151	20,281.91	a) Mortgage over freehold property bearing Asst. Nos. 24, 24A, 24B, 24C, 20/14, 20/20 at Dharmapala Mawatha, Kollupitiya owned by Softlogic Properties (Pvt) Ltd and other project assets of Hotel b) Corporate guarantee from Softlogic Holdings PLC for USD 36.40 Mn
		Term loan	LIBOR plus margin	36 monthly installments after 28 months grace period commencing from July 2022	**476,534**	306,464		
	Bank of Ceylon	Term loan	Fixed Rate	24 monthly installments after 12 months moratorium period commencing from July 2022	**20,536**	20,143	23.50	Corporate guarantee from Softlogic Holdings PLC for Rs. 23.50 Mn
		Term loan	Fixed Rate	24 monthly installments after 12 months moratorium period commencing from July 2022	**24,127**	23,666	25.00	Corporate guarantee from Softlogic Holdings PLC for Rs. 25.00 Mn
Ceysands Resorts Ltd	Nations Trust Bank PLC	Term loan	3 months LIBOR plus margin	10 equal bi annual installments commencing from April 2020	**1,969,286**	1,194,597	5,501.60	a) Mortgage for USD 9.20 Mn over leasehold rights of hotel lands and building b) Corporate guarantee from Softlogic Holdings PLC for USD 9.20 Mn c) Assignment of AMEX receivables
		Term loan	3 months LIBOR plus margin	10 equal bi annual installments commencing from September 2020	**124,122**	77,102		
		Term loan	Fixed Rate	18 monthly installments commencing after a grace period of 6 months from December 2020	**25,832**	25,000		

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Company	Lending institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance 2022 Rs. '000	Outstanding Balance 2021 Rs. '000	Carrying value of collaterals Rs. Mn.	Security
Suzuki Motors Lanka Ltd	DFCC Bank PLC	Term loan	AWPLR plus margin	48 equal monthly installments commencing from October 2019	**56,843**	75,000	187.00	a) Primary mortgage for Rs. 100.00 Mn over land at No. 371, New Nuge Road, Peliyagoda b) Corporate guarantee from Softlogic Retail (Pvt) Ltd for Rs. 87.00 Mn
Softlogic Restaurants (Pvt) Ltd	Union Bank of Colombo PLC	Term loan	AWPLR plus margin	34 monthly installments commencing from October 2020	**68,924**	82,346	314.46	a) Corporate guarantee from Softlogic Holdings PLC for Rs. 200.00 Mn b) Mortgage over stock of kitchen equipment, fixtures & fittings and appliances located at Panadura, Nugegoda, Ja Ela, Kelaniya, Malabe, Kandy, Moratuwa and Kotahena Burger King outlets
	Commercial Bank of Ceylon PLC	Term loan	AWPLR plus margin	54 monthly installments commencing after a grace period of 6 months from December 2016	**37,200**	52,000	37.20	Mortgage bond for Rs. 200.00 Mn over credit and debit card sales receivables of all outlets of the Softlogic Restaurants (Pvt) Ltd
		Term loan	Fixed rate	18 equal monthly installments commencing from November 2020	**17,777**	28,889	58.37	Mortgage over stock of kitchen equipment, fixtures & fittings and appliances located at Colombo 03, Arcade, Rajagiriya, Mount Lavinia and Central Hospital Burger King outlets
		Term loan	AWPLR plus margin	60 monthly installments commencing after a grace period of 6 months from December 2020	**98,500**	56,011	98.50	Supplementary mortgage bond over credit and debit card sales receivables of all outlets of the Softlogic Restaurants (Pvt) Ltd
	Hatton National Bank PLC	Term loan	AWPLR plus margin	60 equal monthly installments commencing from April 2017	**45,500**	49,500	124.50	Corporate guarantee from Softlogic Holdings PLC for Rs. 124.50 Mn
		Term loan	AWPLR plus margin	48 equal monthly installments commencing from September 2017	**284**	1,031		

Company	Lending institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance 2022 Rs. '000	Outstanding Balance 2021 Rs. '000	Carrying value of collaterals Rs. Mn.	Security
	Bank of Ceylon	Term loan	AWPLR plus margin	48 monthly installments commencing after a grace period of 12 months from February 2018	**296,000**	446,000	500.00	Corporate guarantee from Softlogic Holdings PLC for Rs. 500.00 Mn
		Term loan	Fixed rate	24 monthly installments commencing after a grace period of 3 months from December 2020	**12,266**	24,536	25.76	Corporate guarantee from Softlogic Holdings PLC for Rs.25.76 Mn
		Term loan	Fixed rate	22 monthly installments commencing after a grace period of 9 months from July 2022	**164,771**	-		
	National Development Bank PLC	Term loan	AWPLR plus margin	60 monthly installments commencing after a grace period of 12 months from September 2022	**145,808**	-	495.81	a) Mortgage bond over cash flow collected of all outlets of the Burger king, Baskin Robins, Crystal Jade, Delifrance outlet located one galle face mall Burger king Rajagiriya in to the DSRA b) Corporate guarantee from Softlogic Retail Holdings for Rs. 350 Mn c) Mortgage over cash collection of proposed 2 burger king outlets 4 popeyes outlets
Softlogic BPO Services (Pvt) Ltd	Sampath Bank PLC	Term loan	AWPLR plus margin	60 equal monthly installments commencing from December 2016	**2,000**	26,000	120.00	Corporate guarantee from Softlogic Holdings PLC for Rs. 120.00 Mn
		Term loan	AWPLR plus margin	48 monthly installments commencing from November 2019	**52,000**	58,000		
	Sanasa Development Bank PLC	Term loan	AWPLR plus margin	24 equal monthly installments commencing from August 2020	**9,200**	34,602	50.00	Corporate guarantee from Softlogic Holdings PLC for Rs. 50.00 Mn
Softlogic Supermarkets (Pvt) Ltd	Bank of Ceylon	Term loan	AWPLR plus margin	60 equal monthly installments commencing after a grace period of 12 months commencing from October 2018	**291,666**	457,122	699.02	a) 10,420,000 shares of Odel PLC owned by Softlogic Retail Holdings (Pvt) Ltd b) Corporate guarantee from Softlogic Holdings PLC for Rs. 500.00 Mn

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Company	Lending institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance 2022 Rs. '000	Outstanding Balance 2021 Rs. '000	Carrying value of collaterals Rs. Mn.	Security
		Term loan	AWPLR plus margin	60 equal monthly installments commencing after a grace period of 12 months commencing from October 2018	**357,122**	391,666	619.38	a) 6,250,000 shares of Odel PLC owned by Softlogic Retail Holdings (Pvt) Ltd b) Corporate guarantee from Softlogic Holdings PLC for Rs. 500.00 Mn
	National Development Bank PLC	Term loan	AWPLR plus margin	10 equally semi-annual installments commencing after a grace period of 29 months from May 2023	**938,000**	639,000	1,938.00	a) Credit Card Receivables of Glomark Malabe and Buthgamuwa outlets b) Mortgage over the cash flows collected from the Glomark Malabe and Buthgamuwa outlets c) Corporate guarantee from Softlogic Retail Holdings (Pvt) Ltd for Rs. 1000.00 Mn
		Term loan	AWPLR plus margin	84 monthly installments commencing after a grace period of 24 months commencing from September 2023	**587,000**	-	1,712.00	a) Credit Card Receivables of Glomark Thalawathugoda and Kandana outlets b) Mortgage over the cash flows collected from the Glomark Thalawathugoda and Kandana outlets c) Corporate guarantee from Softlogic Retail Holdings (Pvt) Ltd for Rs. 1,125.00 Mn
Softlogic Capital PLC	National Development Bank PLC	Term loan	AWPLR plus margin	3 annual installments commencing after a grace period of 47 months commencing from October 2024	**800,000**	800,000	2,604.00	60,000,000 shares of Softlogic Life Insurance PLC owned by Softlogic Capital PLC
		Term loan	AWPLR plus margin	Full repayment after a grace period of 36 months commencing on October 2023	**250,000**	250,000		
	DFCC Bank PLC	Term loan	AWPLR plus margin	24 equal monthly installments commencing after a grace period of 24 months commencing from August 2023	**1,100,000**	-	10,053.74	a) 85,570,760 shares of Softlogic Life Insurance PLC owned by Softlogic Capital PLC b) 143,521,838 shares of Softlogic Life Insurance PLC owned by Softlogic Capital PLC c) 1,995,081 shares of Nation Development Bank PLC owned by Softlogic Capital PLC

Company	Lending institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance 2022 Rs. '000	Outstanding Balance 2021 Rs. '000	Carrying value of collaterals Rs. Mn.	Security
Softlogic Finance PLC	Hatton National Bank PLC	Term loan	AWPLR plus margin	36 monthly installments commencing from April 2020	**100,709**	201,105	140.00	Mortgage over lease and vehicle loan receivables of Softlogic Finance PLC
Softlogic Stockbrokers (Pvt) Ltd	People's Bank	Term loan	Fixed Rate	18 monthly installments commencing after a grace period of 6 months commencing from March 2021	**2,778**	9,444	10.00	Mortgage over trade receivables of Softlogic Stockbrokers (Pvt) Ltd for Rs. 10.00 Mn
Asiri Hospital Holdings PLC	Commercial Bank of Ceylon PLC	Term loan	AWPLR plus margin	96 monthly installments commencing from April 2015	**450,016**	750,316	2,429.40	74,454,026 shares of Central Hospitals Ltd owned by Asiri Hospital Holdings PLC
		Term loan	Fixed Rate	24 monthly instalments commencing from August 2020	**20,700**	82,860	20.70	Leeway available in the existing securities of the Commercial Bank of Ceylon PLC Loans.
		Term loan	AWPLR plus margin	96 monthly installments commencing from April 2015	**100,448**	167,456	550.00	Corporate guarantee from Asiri Surgical Hospital PLC for Rs. 550.00 Mn
		Term loan	AWPLR plus margin	90 monthly installments after a grace period of 40 months from December 2015	**420,420**	504,492	2,750.60	Primary mortgage bond Rs. 2750.60 Mn over leasehold right of Kandy Hospital Property situated at 907 Peradeniya Road Kandy, more fully depicted as lot 1&2 in plan No 3856A owned by the company
		Term loan	AWPLR plus margin	96 monthly installments after a grace period of 24 months from September 2016	**1,457,600**	1,722,560		
	Sampath Bank PLC	Term loan	AWPLR plus margin	120 monthly installments commencing from December 2015	**261,183**	328,417	261.18	Securitisation of all future credit/ debit card receivables of Asiri Hospital Holdings PLC
		Term loan	AWPLR plus margin	108 monthly installments commencing after 12 months of grace period from March 2019	**353,400**	403,800	1,297.88	a) Third party primary mortgage bond for Rs. 450.00 Mn over hospital property at No. 10, Wackwella Road, Galle owned by Asiri Hospital Galle (Pvt) Ltd b) Additional security over 100.0% of ordinary shares of Asiri Hospital Galle (Pvt) Ltd owned by Asiri Hospital Holdings PLC
	Hatton National Bank PLC	Term loan			-	31,250		

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Company	Lending institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance 2022 Rs. '000	Outstanding Balance 2021 Rs. '000	Carrying value of collaterals Rs. Mn.	Security
Asiri Surgical Hospital PLC	Commercial Bank of Ceylon PLC	Term loan	AWPLR plus margin	96 monthly installments commencing from April 2015	**85,186**	149,122	273.40	a) Primary concurrent mortgage bond for Rs. 125.00 Mn over hospital property at No. 181, Kirula Road, Narahenpita owned by Asiri Hospital Holdings PLC b) Corporate guarantee from Asiri Hospital Holdings PLC for Rs. 148.40 Mn
	DFCC Bank PLC	Term loan	AWPLR plus margin	72 monthly installments commencing after 12 months of grace period from March 2020	**984,661**	1,184,449	1,200.00	Corporate guarantee from Asiri Hospital Holdings PLC for Rs. 1,200.00 Mn
	Sampath Bank PLC	Term loan	AWPLR plus margin	60 monthly installments commencing after 6 months of grace period from December 2020	**680,853**	800,000		
		Term loan	AWPLR plus margin	60 monthly installments commencing after 6 months of grace period from February 2021	**176,900**	200,000		
Asiri A O I Cancer Centre (Pvt) Ltd	Hatton National Bank PLC	Term loan	AWPLR plus margin	48 equal monthly installments commencing after 12 months grace period from August 2019	**138,600**	198,610	300.00	Corporate Guarantee from Asiri Surgical Hospital PLC for Rs. 300.00 Mn
Central Hospitals Ltd	Bank of Ceylon	Term Loan	AWPLR plus margin	96 equal monthly installments commencing after 24 months of grace period from July 2014	**57,002**	178,762	57.00	Primary concurrent mortgage over the premises at No. 114, Norris Canal Road, Colombo - 10 owned by Central Hospitals Ltd
	Sampath Bank PLC	Term Loan	AWPLR plus margin	96 monthly installments commencing from December 2015	**47,528**	88,280	326.00	Corporate guarantee from Asiri Hospital Holdings PLC for Rs. 326.00 Mn
		Term Loan	AWPLR plus margin	120 monthly installments commencing from December 2015	**449,200**	564,400	449.20	Securitization of all future credit/ debit card receivables of Central Hospitals Ltd
		Term Loan	AWPLR	60 monthly installments commencing after 3 months of grace period from July 2021	**849,250**	1,000,000	849.25	Securitization of all future credit/ debit card receivables of Central Hospitals Ltd

Company	Lending institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance 2022 Rs. '000	Outstanding Balance 2021 Rs. '000	Carrying value of collaterals Rs. Mn.	Security
	Commercial Bank of Ceylon PLC	Term loan	AWPLR plus margin	54 monthly installments commencing after 4 months of grace period from April 2019	**667,978**	935,830	1,250.00	Primary mortgage for Rs. 1,250.00 Mn over the premises at No. 907, Peradeniya Road, Kandy (Asiri Kandy Hospital) owned by Asiri Hospital Holdings PLC
Asiri Hospital Matara (Pvt) Ltd	Nations Trust Bank PLC	Term loan	AWPLR plus margin	24 monthly installments commencing from May 2019	**32,264**	16,818	32.26	Assignment over AMEX receivables
		Term loan			-	9,650		
Asiri Hospital Galle (Pvt) Ltd	Sampath Bank PLC	Term Loan	AWPLR plus margin	108 monthly installments commencing after 12 months of grace period from March 2020	**181,000**	193,000	200.00	Additional mortgage for Rs. 200.00 Mn over the premises at No. 10, Wackwella Road, Galle owned by Asiri Hospital Galle (Pvt) Ltd
		Term Loan	AWPLR plus margin	108 monthly installments commencing after 24 months of grace period from October 2021	**235,350**	244,350	244.35	a) Primary mortgage for Rs. 158.00 Mn over the premises at No. 10, Wackwella Road, Galle owned by Asiri Hospital Galle (Pvt) Ltd b) Additional mortgage for Rs. 86.35 Mn over the premises at No. 10, Wackwella Road, Galle owned by Asiri Hospital Galle (Pvt) Ltd
	Seylan Bank PLC	Term Loan	AWPLR plus margin	48 monthly installments commencing after 12 months of grace period from December 2019	**130,000**	145,000	150.00	Corporate guarantee from Asiri Hospital Holdings PLC for Rs. 150.00 Mn
Odel PLC	Bank of Ceylon	Term loan	AWPLR plus margin	60 monthly installments commencing after a grace period of 6 months from August 2018	**265,833**	385,166	450.00	First and additional legal mortgage over the premises at No. 475/32, Kotte Road, Rajagiriya owned by Odel Properties (Pvt) Ltd
		Term loan			-	46,108		
	Hatton National Bank PLC	Term loan	AWPLR plus margin	48 monthly installments commencing from June 2019	**801,596**	842,868	801.60	Primary mortgage over credit card receivables

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Company	Lending institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance 2022 Rs. '000	Outstanding Balance 2021 Rs. '000	Carrying value of collaterals Rs. Mn.	Security
	Union Bank of Colombo PLC	Term loan	AWPLR plus margin	60 monthly installments commencing after a grace period of 6 months from October 2019	**894,197**	1,000,000	1,047.10	Primary mortgage over premises at Kaduwela Road, Thalangama owned by Odel Lanka (Pvt) Ltd
		Term loan	TB Rate plus margin	6 monthly installments commencing from July 2022	**47,100**	-		
	State Bank of India	Term loan	AWPLR plus margin	48 monthly installments commencing after a grace period of 6 months from August 2020	**260,456**	343,700	610.46	a) Primary Mortgage of merchant fee receivables b) Corporate guarantee from Softlogic Holdings PLC for Rs. 350.00 Mn
	Indian Bank	Term loan	AWPLR plus margin	48 monthly installments commencing after a grace period of 6 months from August 2020	**186,040**	245,500	436.04	a) Primary Mortgage of merchant fee receivables b) Corporate guarantee from Softlogic Holdings PLC for Rs. 250.00 Mn
	DFCC Bank PLC	Term loan	AWPLR plus margin	60 equal monthly installments commencing after a grace period of 12 months from June 2022	**213,840**	-	1,205.79	32,154,341 shares of Asiri Hospital Holdings PLC owned by Softlogic Holdings PLC
Softlogic Brands (Pvt) Ltd	Bank of Ceylon	Term loan	AWPLR plus margin	60 monthly installments commencing after a grace period of 6 months from August 2018	**263,154**	203,611	450.00	First and additional legal mortgage over the premises at No. 29 A, Jayatilake Mw, Panadura 966 owned by Odel PLC
		Term loan			**-**	111,520		
Odel Properties One (Pvt) Ltd	Hatton National Bank PLC Sampath Bank PLC Bank of Ceylon	Syndicated loan	AWPLR plus margin	84 monthly installments commencing after a grace period of 54 months from December 2022	**4,777,423**	3,753,642	7,680.09	a) Primary concurrent mortgage for Rs. 5,400.00 Mn over the project premises at Dr. C W W Kannangara Mw., Colombo - 07 owned by Odel PLC b) Further and additional security over 100.0% of ordinary shares of Odel Properties One (Pvt) Ltd owned by Odel PLC c) Corporate guarantee from Softlogic Holdings PLC for Rs. 5,400.00 Mn
					43,551,520	39,832,558		

INVESTOR INFORMATION

GENERAL

Stated Capital as at 31 March 2022 was Rs. 12,119,234,553.00.

STOCK EXCHANGE LISTING

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

PUBLIC SHAREHOLDING

- Public Holding Percentage was 12.95% as at 31 March 2022.
- The number of public shareholders as at 31 March 2022 was 9,763.
- Float adjusted market capitalisation as at 31 March 2022 was Rs 5,645 Mn.
- Minimum public holding percentage - The Company is in compliance with option 1 of the Listing Rules 7.14.1 (b) which requires 7.5% minimum public holding percentage and 200 minimum public shareholders.

DISTRIBUTION OF SHAREHOLDING

There were 9,779 registered shareholders as at 31st March 2022

No of Shares held	No of Shareholders	% of Shareholders	Total Holding	% of Total Holding
1 - 1,000	6,488	66.35	3,613,065	0.30
1,001 - 10,000	2,695	27.56	9,253,811	0.78
10,001 - 100,000	473	4.83	14,829,729	1.24
100,001 - 1,000,000	89	0.91	22,076,114	1.85
Over 1,000,000	34	0.35	1,142,770,490	95.83
	9,779	**100.00**	**1,192,543,209**	**100.00**

Analysis Report of Shareholders as at 31st March 2022

Category	No of Shareholders	% of Shareholders	Total Holdings	% of Total Holding
Individual	9,499	99.45	445,107,769	37.33
Institutions	280	0.55	747,435,440	62.67
Total	**9,779**	**100.00**	**1,192,543,209**	**100.00**
Resident	9725	99.45	816,260,319	68.45
Non- Resident	54	0.55	376,282,890	31.55
Total	**9,779**	**100.00**	**1,192,543,209**	**100.00**

INVESTOR INFORMATION

TWENTY MAJOR SHAREHOLDERS

Twenty largest shareholders of the company as at 31 March 2022 are as follows.

Name		Shares	%
01	Mr. Asoka Kariyawasam Pathirage	492,372,620	41.29
02	Samena Ceylon Holdings Limited	247,432,455	20.75
03	Mr. Haresh Kumar Kaimal	80,439,792	6.75
04	Mr. Ranjan Janaka Perera	75,437,508	6.33
05	Mr. Govinda Waduge Don Hemantha Udaya Gunawardena	71,333,852	5.98
06	Standard Chartered Bank DIFC Branch S/A Samena Special Situations Fund III L.P.	53,653,654	4.50
07	Pemberton Asian Opportunities Fund	47,095,949	3.95
08	Standard Chartered Bank DIFC Branch S/A Samena Special Situations Fund II L.P.	15,000,000	1.26
09	Employee's Provident Fund	7,230,500	0.61
10	Mr. Samir Jimmy Fancy	7,225,323	0.61
11	Mrs. Arunthathi Selliah	4,700,000	0.39
12	Mrs. Abiramipillai Kailasapillai	4,200,000	0.35
13	Dr. Karunamuni Manjula Prasanna Karunaratne	4,050,000	0.34
14	Miss. Sivamalar Subramaniam	3,800,000	0.32
15	Arunodhaya Industries (Private) Limited	3,557,864	0.30
16	Arunodhaya (Private) Limited	3,000,000	0.25
17	Mr. Kailasapillai Aravinthan	2,867,550	0.24
18	Mr. Nihal Samarasuriya	2,466,695	0.21
19	Mrs. Kalubowilage Jude Anne Nipunigunasekara Sangakkara	2.459.295	0.21
20	Dr. Sivakumar Selliah	2.053.232	0.17

SHARE TRADING INFORMATION

	2021/2022	2020/2021
Highest [Rs]	**90**	15.30
Lowest [Rs]	**10.40**	9.80
Closing [Rs]	**37.60**	11.80
Turnover [Rs]	**6,591,319,767**	679,170,372.2
Number of Shares traded	**155,151,089**	56,249,140
Number of Trades [Rs]	**40,915**	11,221

EQUITY INFORMATION

	2021/2022	2020/2021
Loss per share [Rs]	**6.85**	4.38
Net loss per share [Rs]	**7.07**	0.35

CORPORATE DIRECTORY

	Name of the Company	Date of Registration	Registered office
	Softlogic Holdings PLC	25/2/1998	No. 14, De Fonseka Place, Colombo 05
1	Asiri AOI Cancer Centre (Private) Limited	17/03/2017	No. 21, Kirimandala Mawatha, Colombo 05
2	Asiri Central Hospitals Ltd	07/09/1992	No. 114, Norris Canal Road, Colombo 10
3	Asiri Diagnostic Services (Asia) Pte. Limited	05/10/2019	8 Temasek Boulevard No. 35 -03, Suntec Tower three, Singapore (038988)
4	Asiri Diagnostics Services (Pvt) Ltd	19/09/1995	No. 181, Kirula Road, Colombo 05
5	Asiri Hospital Galle (Private) Limited	29/05/2007	No. 181, Kirula Road, Colombo 05
6	Asiri Hospital Holdings PLC	29/09/1980	No. 181, Kirula Road, Colombo 05
7	Asiri Hospital Matara (Pvt) Ltd	17/04/2007	No. 26, Esplanade Road, Uyanwatta, Matara
8	Asiri Laboratories (Pvt) Ltd	08/03/2016	No. 181, Kirula Road, Colombo 05
11	Asiri Surgical Hospital PLC	30/03/2000	No. 21, Kirimandala Mawatha, Colombo 05
12	Central Hospital Ltd	14/09/2006	No. 114, Norris Canal Road, Colombo 10
13	Ceysand Resorts Ltd	06/03/1973	No. 14, De Fonseka Place, Colombo 05
14	Cotton Collection (Pvt) Ltd	29/04/1993	No. 475/32, Kotte Road, Rajagiriya
15	Dai-Nishi Securities (Pvt) Ltd	26/07/1993	No. 14, De Fonseka Place, Colombo 05
16	Digital Health (Private) Limited	14/08/2015	No. 475, Union Place, Colombo 02
17	Future Automobiles (Pvt) Ltd	06/12/2010	No. 14, De Fonseka Place, Colombo 05
18	Jendo Innovations (Pvt) Ltd	22/06/2015	No. 14, De Fonseka Place, Colombo 05
19	Nextage (Pvt) Ltd	11/04/2012	No. 79, C W W Kannangara Mawatha, Colombo 07
20	Odel Apparels (Pvt) Ltd	10/10/1991	No. 475/32, Kotte Road, Rajagiriya
21	Odel Information Technology Services (Pvt) Ltd	30/11/2007	No. 475/32, Kotte Road, Rajagiriya
22	Odel Lanka (Pvt) Ltd	04/07/2006	No. 475/32, Kotte Road, Rajagiriya
23	Odel PLC	31/10/1990	No. 475/32, Kotte Road, Rajagiriya
24	Odel Properties (Pvt) Ltd	10/10/1991	No. 475/32, Kotte Road, Rajagiriya
25	Odel Properties One (Pvt) Ltd	10/06/2016	No. 475/32, Kotte Road, Rajagiriya
26	Odel Restaurants (Private) Limited	19/02/2018	No. 475/32, Kotte Road, Rajagiriya
27	Sabre Travel Network Lanka (Pvt) Ltd	21/01/1999	No. 14, De Fonseka Place, Colombo 05
28	Silk Route Foods (Private) Limited	10/10/2014	No. 14, De Fonseka Place, Colombo 05
29	SML Holdings (Private) Limited	27/04/2000	No. 371, New Nuge Road, Peliyagoda
30	Softlogic Asset Management (Pvt) Ltd	24/05/2006	Level 16, One Galle Face Tower, Colombo 02
31	Softlogic Australia (Pty) Ltd	05/01/2000,	Unit 2, Building B, 18-24 Ricketts Road, Mount Waverley, Vic 3149
32	Softlogic Automobiles (Pvt) Ltd	02/04/2012	No. 14, De Fonseka Place, Colombo 05
33	Softlogic BPO Services (Private) Limited	13/12/2013	No. 14, De Fonseka Place, Colombo 05

CORPORATE DIRECTORY

	Name of the Company	Date of Registration	Registered office
34	Softlogic Brands (Pvt) Ltd	08/11/1993	No. 14, De Fonseka Place, Colombo 05
35	Softlogic Capital PLC	21/04/2005	Level 16, One Galle Face Tower, Colombo 02
36	Softlogic City Hotels (Pvt) Ltd	30/06/2011	No. 14, De Fonseka Place, Colombo 05
37	Softlogic Communication Services (Pvt) Ltd	16/09/2009	No. 14, De Fonseka Place, Colombo 05
38	Softlogic Communications (Pvt) Ltd	30/10/2000	No. 14, De Fonseka Place, Colombo 05
39	Softlogic Computers (Pvt) Ltd	13/09/1995	No. 14, De Fonseka Place, Colombo 05
40	Softlogic Corporate Services (Pvt) Ltd	24/06/2005	No. 14, De Fonseka Place, Colombo 05
41	Softlogic Destination Management (Pvt) Ltd	22/03/2012	No. 14, De Fonseka Place, Colombo 05
42	Softlogic Finance PLC	24/08/1999	No. 13, De Fonseka Place, Colombo 04
43	Softlogic Healthcare Holdings Ltd	28/08/2018	No. 181, Kirula Road, Colombo 05
44	Softlogic Information Technologies (Pvt) Ltd	02/09/1992	No. 14, De Fonseka Place, Colombo 05
45	Softlogic International (Pvt) Ltd	09/01/1997	No. 14, De Fonseka Place, Colombo 05
46	Softlogic Life Insurance PLC	21/04/1999	Level 16, One Galle Face Tower, Colombo 02
47	Softlogic Mobile Distribution (Private) Limited	30/09/2014	No. 14, De Fonseka Place, Colombo 05
48	Softlogic Pharmaceuticals (Private) Limited	30/11/2005	No. 14, De Fonseka Place, Colombo 05
49	Softlogic Properties (Pvt) Ltd	04/01/2005	No. 14, De Fonseka Place, Colombo 05
50	Softlogic Restaurants (Private) Limited	05/08/2013	No. 14, De Fonseka Place, Colombo 05
51	Softlogic Retail (Private) Limited	06/09/1969	No. 14, De Fonseka Place, Colombo 05
52	Softlogic Retail Holdings (Private) Limited	09/03/2018	No. 14, De Fonseka Place, Colombo 05
53	Softlogic Retail One (Private) Limited	04/07/2014	No. 14, De Fonseka Place, Colombo 05
54	Softlogic Rewards (Private) Limited	05/11/2018	No. 14, De Fonseka Place, Colombo 05
55	Softlogic Solar (Pvt) Ltd	14/11/2002	No. 14, De Fonseka Place, Colombo 05
56	Softlogic Stockbrokers (Pvt) Ltd	26/11/2010	Level 16, One Galle Face Tower, Colombo 02
57	Softlogic Supermarkets (Pvt) Ltd	27/08/2014	No. 14, De Fonseka Place, Colombo 05
58	Suzuki Motors Lanka Limited	12/09/1985	No. 371, New Nuge Road, Peliyagoda
59	Softlogic JSM Entertainment (Pvt) Ltd	13/08/2021	No 14, De Fonseka Place, Colombo 05
60	Asiri Port City Hospital (Pvt) Ltd	04/05/2022	No 14, De Fonseka Place, Colombo 05
61	Softlogic Manufacturing (Pvt) Ltd	06/05/2022	No 14, De Fonseka Place, Colombo 05
62	Odel Apparel Holdings (Pvt) Ltd	27/06/2022	475/32, Kotte Road, Rajagiriya
63	Odel Appparel Lanka (Pvt) Ltd	01/07/2022	475/32, Kotte Road, Rajagiriya
64	Softlogic Healthy Concepts (Pvt) Ltd	13/08/2022	No 14, De Fonseka Place, Colombo 05
65	Softlogic Investments (Pvt) Ltd	02/05/2023	No 14, De Fonseka Place, Colombo 05
66	Softlogic Ventures (Pvt) Ltd	02/05/2023	No 14, De Fonseka Place, Colombo 05
67	Asiri Academy of Health Sciences (Pvt) Ltd	07/09/2023	No 181, Kirula Road, Colombo 05

NOTES

NOTES

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held on Friday the 15th December 2023 at 10.00 a.m. at the Auditorium of Central Hospital Limited (4th Floor) No. 114 Norris Canal Road Colombo 10 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 2022 together with the Report of the Auditors thereon.
2. To re-elect Mr. G.W.D.H.U. Gunawardene who retires by rotation in terms of Article 87 of the Articles of Association, as a Director of the Company.
3. To re-elect Mr. A Russell-Davison who retires by rotation in terms of Article 87 of the Articles of Association, as a Director of the Company.
4. To re-elect Prof. A.S. Dharmasiri who retires by rotation in terms of Article 87 of the Articles of Association, as a Director of the Company.
5. To re-appoint Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.
6. To authorise the Directors to determine and make donations for the year ending 31st March 2023 and up to the date of the next Annual General Meeting and to ratify such determination/s of the Directors.
7. To discuss matters pertaining to the suspension of trade of the securities of the Company with effect from 8th December 2022 and the remedial action intended to be adopted by the Company to ensure compliance with Rule 7.5 (a) of the Listing Rules of the CSE.

By Order of the Board,
SOFTLOGIC HOLDINGS PLC

SOFTLOGIC CORPORATE SERVICES (PVT) LTD.
Company Secretaries

20th November 2023
Colombo

Notes

1. A Shareholder who is entitled to participate, speak and vote at the meeting is entitled to appoint a proxy to attend and vote on behalf of him/her by electronic means.
2. A proxy need not be a Shareholder of the Company.
3. The Form of Proxy is enclosed for this purpose.
4. Shareholders are advised to follow the Guidelines and Attendance Registration Process for the Annual General Meeting available on the Corporate Website of the Company and the Website of the Colombo Stock Exchange.

FORM OF PROXY

*I/We .... of

....

being *member/members of SOFTLOGIC HOLDINGS PLC, do hereby appoint ....

....

(holder of N.I.C No. ....) of ....

.... or (whom falling)

Mr. A.K. Pathirage	whom failing
Mr. G.W.D.H.U. Gunawardena	whom failing
Mr. R.J. Perera	whom failing
Mr. H.K. Kaimal	whom failing
Mr. M.P.R. Rassool	whom failing
Prof. A.S. Dharmasiri	whom failing
Mr. A. Russell Davison	whom failing
Mr. J.D.N. Kekulawala	whom failing
Mr. S. Saraf	

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 on Friday the 15th December 2023 at 10.00 am 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, 2022 together with the Report of the Auditors thereon.		
2.	To re-elect Mr. G.W.D.H.U. Gunawardene who retires by rotation in terms of Article 87 of the Articles of Association, as a Director of the Company, as a Director		
3.	To re-elect Mr. A Russell-Davison who retires by rotation in terms of Article 87 of the Articles of Association of the Company, as a Director		
4.	To re-elect Prof. A.S. Dharmasiri who retires by rotation in terms of Article 87 of the Articles of Association, as a Director of the Company		
5.	To re-appoint Messrs. Ernst & Young, as Auditors and to authorise the Directors to determine their remuneration		
6.	To authorise the Directors to determine and make Donations for the year ending 31st March 2023 and up to the date of the next Annual General Meeting and to ratify such determination/s of the Directors		
7.	To discuss matters pertaining to the suspension of trade of the securities of the Company with effect from 8th December 2022 and the remedial action intended to be adopted by the Company to ensure compliance with Rule 7.5 (a) of the Listing Rules of the CSE		

....

Signature Date

Notes

1. *Please delete the inappropriate words.
2. A proxy need not be a shareholder of the Company.
3. Instructions as to completion are noted on the reverse hereof.

FORM OF PROXY

INSTRUCTIONS FOR COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. The completed Proxy should be forwarded to the Company for deposit at the Registered Office through the Company Secretaries, Softlogic Corporate Services (Pvt) Ltd, No.14, De Fonseka Place, Colombo 05, marked "SOFTLOGIC HOLDINGS PLC – Annual General Meeting" or email corporateservices@softlogic.lk not later than 48 hours before the time appointed for the Meeting.
3. In forwarding the completed and duly signed Proxy to the Company, please follow the Guidelines and Attendance Registration Process for the Annual General Meeting available on the Corporate Website of the Company and the Website of the Colombo Stock Exchange.
4. The Proxy shall –
   (a) In the case of an individual be signed by the shareholder or by his attorney, and if signed by an attorney, a notarially certified copy of Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
   (b) In the case of a Company or Corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the Company or Corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute. (as applicable)
5. Please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.

CORPORATE INFORMATION

NAME OF COMPANY
Softlogic Holdings PLC

LEGAL FORM
Company was incorporated on 25th February 1998 under the name of Softlogic Holdings (Private) Limited and re-registered on 17th December 2007 under the Companies Act No. 7 of 2007. Changed to a Public Limited Liability Company on 10th December 2008. The shares of the Company were listed on the Colombo Stock Exchange on 20th June 2011 and the name of the Company was changed to Softlogic Holdings PLC on 25th August 2011.

COMPANY REGISTRATION NO
PV 1536 PB/PQ

REGISTERED OFFICE OF THE COMPANY
14, De Fonseka Place,
Colombo 05
Sri Lanka

CONTACT DETAILS
14, De Fonseka Place,
Colombo 05
Sri Lanka

Tel : +94 11 5575 000
Fax : +94 11 2508 291
E-mail : info@softlogic.lk
Web : www.softlogic.lk

CONTACT FOR MEDIA
Softlogic Holdings PLC
14, De Fonseka Place,
Colombo 05
Sri Lanka

Tel : +94 11 5575 000 Ext: 5305
Fax : +94 11 2595 441

DIRECTORS
A.K. Pathirage
– Chairman/ Managing Director
G.W.D.H U. Gunawardena
R.J. Perera
H.K. Kaimal
M.P.R. Rasool
W.M.P.L. De Alwis, PC
(Resigned w.e.f. 15th June 2023)
Prof. A.S. Dharmasiri
A. Russell-Davison
S. Saraf
J.D.N. Kekulawala
C.K. Gupta
(Alternate Director to S. Saraf)
Dr. S. Selliah
(Resigned w.e.f. 24th October 2022)

AUDIT COMMITTEE
J.D.N. Kekulawala – *Chairman*
Dr. S. Selliah
(Resigned w.e.f. 24th October 2022)
Prof A.S. Dharmasiri
W.M.P.L. De Alwis, PC
(Resigned w.e.f. 15th June 2023)

HR AND REMUNERATION COMMITTEE
Prof. A.S. Dharmasiri - *Chairman*
W.M.P.L. De Alwis, PC
(Resigned w.e.f. 15th June 2023)
J.D.N. Kekulawala

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE
As at 31st March 2022
W.M.P.L. De Alwis, PC – *Chairman*
Prof. A.S. Dharmasiri
H.K. Kaimal

The composition of the Related Party Transactions Committe was re-constituted on 19th June 2023 as follows;

Prof. A.S. Dharmasiri - *Chairman*
H.K. Kaimal

AUDITORS
Ernst & Young Chartered Accountants
No. 201, De Saram Place
Colombo 10
Sri Lanka

LAWYERS
Heritage Partners
Attorneys-at- Law
Heritage House,
No. 4, Malalasekera Pedesa,
Colombo 07
Sri Lanka

SECRETARIES AND REGISTRARS
Softlogic Corporate Services (Pvt) Ltd
14, De Fonseka Place,
Colombo 05
Sri Lanka

Tel : +94 11 5575 000
Fax : +94 11 2508 291

BANKERS
Bank of Ceylon
Commercial Bank of Ceylon PLC
DFCC Bank PLC
Hatton National Bank PLC
Nations Trust Bank PLC
Pan Asia Banking Corporation PLC
People's Bank
Sampath Bank PLC
Seylan Bank PLC
Union Bank of Colombo PLC

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www.softlogic.lk

Softlogic Holdings PLC
14, De Fonseka Place, Colombo 05, Sri Lanka
Tel : +94 (11) 557 5000, Fax : +94 (11) 250 8291
E-mail : investorrelations@softlogic.lk, info@softlogic.lk