

ANNUAL REPORT 2023/24

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ABOUT US

Our Vision

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

Our Credo

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



FINANCIAL HIGHLIGHTS

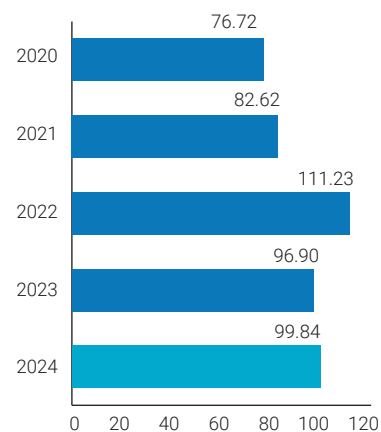
For the year ended 31 March		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Earnings Highlights											
Group Revenue	Rs. Mn	99,839	96,899	111,229	82,621	76,722	75,143	66,019	58,882	54,600	39,564
Gross Profit	Rs. Mn	33,050	34,096	37,370	25,408	27,044	27,636	23,673	19,579	18,559	14,117
Earnings Before Interest, Tax, Depreciation & Amortisation of Intangibles		9,959	7,763	13,995	8,196	9,807	11,721	11,695	8,451	7,897	6,398
Group Earnings/ (Loss) Before Interest & Taxation		3,527	1,851	10,167	4,539	6,462	8,859	9,052	6,391	6,082	4,959
Group Earnings/ (Loss) Before Taxation		(12,626)	(20,908)	(3,561)	(3,811)	(2,899)	1,743	3,092	1,581	2,836	2,266
Group Earnings/ (Loss) After Taxation	Rs. Mn	(15,200)	(23,657)	(5,278)	(4,008)	(3,181)	2,990	2,278	920	1,870	1,819
Total Comprehensive Income/ (Loss) Net of Taxation	Rs. Mn	(11,868)	(22,706)	(3,090)	(2,739)	(2,272)	3,127	2,827	1,793	2,859	2,160
Group Earnings/ (Loss) Attributable to Equity Holders	Rs. Mn	(18,601)	(24,077)	(8,171)	(5,227)	(4,724)	105	204	120	565	556
Group Comprehensive Income/ (Loss) Attributable to Equity Holders	Rs. Mn	(16,239)	(23,624)	(7,142)	(4,307)	(4,096)	353	450	783	1,829	761
Gross Profit Margin	%	33	35	34	31	35	37	36	33	34	36
Net Profit/ (Loss) Margin	%	(15.2)	(24.4)	(4.7)	(4.9)	(4.2)	4.0	3.5	1.6	3.4	5.0
Earnings/ (Loss) Per Share	Rs.	(15.6)	(20.2)	(6.9)	(4.4)	(4.0)	0.1	0.3	0.2	0.7	0.7
Dividends	Rs. Mn	-	-	-	-	596	596	503	387	194	-
Balance Sheet Highlights											
Total Assets	Rs. Mn	179,198	184,237	188,705	161,834	149,551	130,670	118,823	100,915	93,152	87,324
Current Ratio	No. of times	0.36	0.40	0.57	0.71	0.74	0.83	0.93	0.94	0.84	1.04
Asset Turnover	No. of times	0.55	0.52	0.59	0.51	0.51	0.58	0.56	0.61	0.61	0.45
Total Interest Bearing Borrowings	Rs. Mn	124,085	123,742	98,946	82,585	79,669	65,788	61,227	52,255	46,480	43,906
Shareholders' Funds	Rs. Mn	(48,274)	(32,078)	(8,434)	(415)	3,911	14,343	11,591	8,547	8,159	7,336
Net Asset/ (Liability) Value Per Share	Rs.	(40.46)	(26.90)	(7.07)	(0.35)	3.28	12.23	14.05	11.04	10.54	9.47
Total Equity	Rs. Mn	(30,200)	(17,872)	5,597	12,006	16,129	24,839	20,917	15,623	15,531	15,356
Debt : Equity *	No. of times	-	-	17.7	6.9	4.9	2.7	2.9	3.3	3.0	2.9
Debt : Total Assets	No. of times	0.7	0.7	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Operating Cash Flow	Rs. Mn	6,374	(7,058)	9,146	17,126	9,009	1,556	(106)	2,331	3,432	426
Capital Expenditure	Rs. Mn	2,167	3,987	3,534	3,153	7,637	5,743	4,524	6,311	5,252	4,438
Cash Earnings/ (Loss) Per Share	Rs.	5.3	(5.9)	7.7	14.4	7.6	1.3	(0.1)	3.0	4.4	0.5
Investor Information											
Market Price as at 31 March	Rs.	9.00	15.90	37.60	11.80	12.30	16.00	24.60	11.90	13.30	13.20
Shares in Issue	Mn	1,193	1,193	1,193	1,193	1,193	1,193	962	779	779	779
Market Capitalisation as at 31 March	Rs. Mn	10,737	18,969	44,857	14,072	14,668	19,081	23,659	9,270	10,205	10,283
52-Week Market Share Price High	Rs.	12.00	39.80	90.00	15.30	17.00	25.80	26.20	15.50	18.00	20.40
52-Week Market Share Price Low	Rs.	8.00	14.50	10.40	9.80	11.00	15.90	11.70	11.70	12.30	10.30
Price to Book Value	No. of times	-	-	-	-	3.7	1.3	1.7	1.01	1.1	1.4
Enterprise Value : EBITDA	No. of times	0.02	0.02	9.62	10.87	9.24	6.97	6.73	7.19	6.60	8.20
Dividend Per Share	Rs.	-	-	-	-	0.50	0.50	0.65	0.50	0.25	-

* Debt to Equity calculated based on Total Equity Capital

OPERATIONAL HIGHLIGHTS

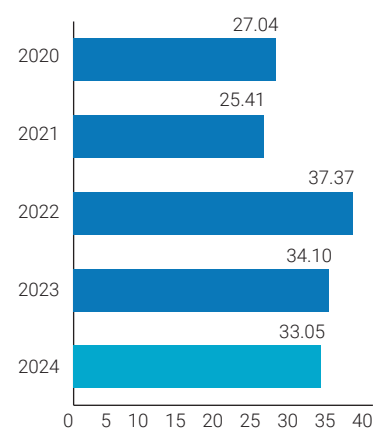
Group Revenue

Rs. Bn



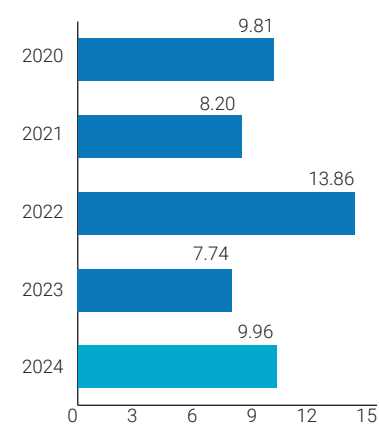
Group Gross Profit

Rs. Bn



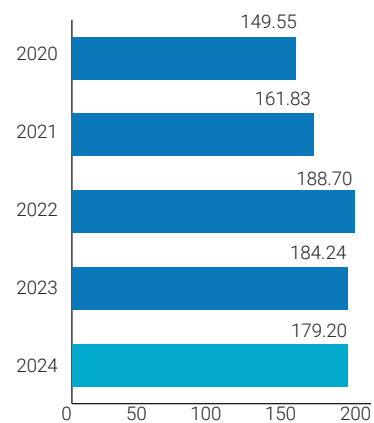
Group EBITDA

Rs. Bn



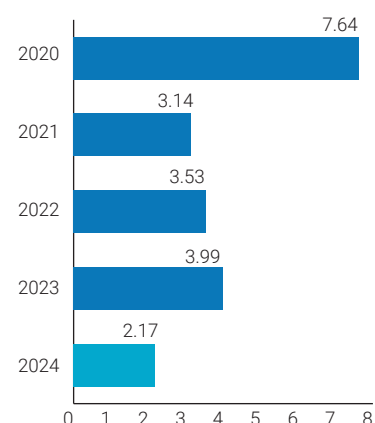
Total Assets

Rs. Bn



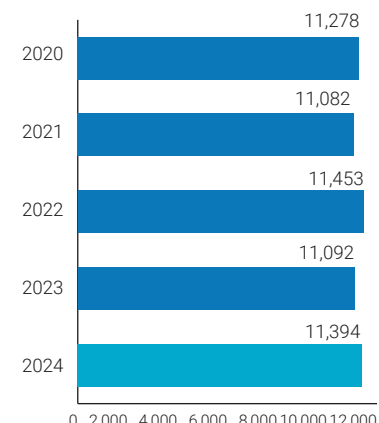
Capital Expenditure

Rs. Bn



Group Headcount

No. of Employees



ABOUT THE GROUP

Softlogic Holdings PLC has stood as a prominent diversified conglomerate in Sri Lanka, with operations spanning key sectors such as retail & telecommunications, healthcare, financial services, IT, automotive, and leisure & property. Its portfolio of internationally recognised brands and services underscores commitment to delivering value and quality to stakeholders.

With a forward-looking strategic approach, it remains focused on leveraging its strength to drive growth and resilience. It possesses one of the largest customer databases in the country, through its 'Softlogic One' Group Loyalty programme, enabling it to data-mine customer preferences and patterns and deliver enhanced customer solutions for sustainable business innovation and revenue enhancements. By maintaining operational efficiency and prioritising innovation, it aims to create long-term value for stakeholders.



RETAIL

Softlogic Retail Holdings (Pvt) Ltd is the sector holding of the retail cluster.

ODEL PLC is the listed entity of this sector.

- Consumer Electronics: Softlogic Retail is among the largest consumer electronics and durable goods retailers in Sri Lanka, with 99 stores spanning over 280,625 sq.ft. of retail space nationwide.
- Mobile Handsets: A leading distributor in the mobile phone market, Softlogic's mobile phone business holds the largest distribution network in the country, offering top international brands like Samsung and Nokia.
- Branded Apparel: ODEL PLC and Softlogic Brands are dominant players in the fashion retail sector, showcasing a portfolio of over 50 international fashion brands alongside exclusive private labels.
- ODEL and Cotton Collection, are synonymous with style and quality, offering a premium shopping experience that caters to discerning fashion enthusiasts.
- Footwear Retailing: Softlogic is the exclusive franchise holder for the globally recognised footwear brand 'Bata,' a household name that has been trusted in Sri Lanka for decades. With an extensive presence across the country, we operate 69 Bata stores island-wide.
- Restaurants: As a key player in Sri Lanka's restaurant industry, this sector operates six international franchise brands, including Burger King, Popeyes, Baskin Robbins, Délifrance, Crystal Jade, and Subway, across a network of 47 restaurants, catering to diverse customer segments.
- Supermarkets: Through Glomark, a leading and growing supermarket chain, the Group complemented its presence in all areas of the retail business. Glomark operates 14 stores island-wide.

HEALTHCARE SERVICES



Asiri Hospital Holdings PLC is the sector holding company of the healthcare cluster. Asiri Hospital Holdings PLC and Asiri Surgical Hospital PLC are the two listed entities of this sector.

- Asiri Health stands as the largest and the most comprehensive private healthcare provider in Sri Lanka, operating over 800 beds across its seven hospitals spanning three provinces. It partners with a dedicated team of highly-skilled and experienced healthcare professionals, including over 800 consultants. Serving more than 3.5Mn patients annually, Asiri Health conducts over 14,000 diagnostic tests and facilitates 3,500 consultations daily.
- Asiri Medical Hospital: A 115-bed paediatric-centered hospital, equipped with operating theaters and intensive & critical care units. It is well-regarded for its management of dengue and paediatric medical cases.
- Asiri Surgical Hospital: This 155-bed facility is Sri Lanka's only surgery specialised hospital. High end cardiac care, general surgery, organ transplant, oncology, orthopaedics, plastic & reconstructive surgery, are among the services offered along with a comprehensive menu of diagnostic facilities and rehabilitation programmes.
- Asiri Central Hospital: A 248-bed hospital delivering international standard healthcare, in a 14-storied multi-specialty general hospital, offers high-quality cardiac, brain & spine, surgical and organ & bone marrow transplant programmes along with a full range of diagnostic, medical and rehabilitation services.
- Asiri Hospital Matara: Operating two units with a total of 60 beds, this facility offers specialised diagnostic, medical, and surgical care, with a focus on Obstetrics, Gynaecology, and Orthopaedic surgeries. This hospital was acquired in 2010 capturing market share in the southern region of the country.
- Asiri Hospital Galle: Acquired in 2018, it operates with 32 beds offering state-of-the-art medical facilities, including 4 operating theaters, emergency and intensive care units, and an outpatient department (OPD).
- Asiri Hospital Kandy: A 190-bed, multi-specialty hospital and the most advanced private healthcare facility in the Central Province, offering evidence-based solutions for complex diseases and a range of diagnostic services. It is renowned for its specialised care for maternity and newborn services and cardiac care.
- Asiri Nova IVF Fertility Centre: An advanced specialised fertility center located in Asiri Medical Hospital offering IVF treatments with high success rates in both own-sample and donor-assisted procedures, backed by expert specialists and state-of-the-art technology to help couples achieve their dreams of parenthood.
- Asiri AOI Cancer Centre: The American Oncology Institute (AOI) at Asiri Surgical Hospital offers a comprehensive range of cancer treatment services in Sri Lanka, providing advanced oncology care through a partnership with international oncology experts.
- Laboratory Services: Asiri Laboratories is the country's largest private laboratory service, offering a wide range of tests through its Main Lab, six hospital labs, 17 Satellite Labs, and 88 collection centers.
- Asiri Academy of Health Sciences: Launched to provide accessible, internationally recognised healthcare education, the Academy offers foundation, certificate, diploma and degree courses in Nursing, Phlebotomy, Psychology, Physiotherapy, Medication Management and Management in Healthcare through partnerships with the University of Wollongong's Malaysian campus, London Metropolitan University & ESoft.
- Quality Standards: Asiri Health adheres to global accreditation standards set by the Joint Commission International (JCI) and the Australian Council of Health Standards International (ACHSI) for quality and patient safety. Asiri laboratories have obtained industry-specific and quality management ISO certifications, ensuring the highest standards of service and reliability.

ABOUT THE GROUP

FINANCIAL SERVICES



Softlogic Capital PLC is the sector holding company of the financial services cluster. Softlogic Capital PLC, Softlogic Life Insurance PLC and Softlogic Finance PLC are the three listed entities of this sector.

- **Softlogic Life Insurance:** As Sri Lanka's second-largest life insurer, it serves over 1.5 million clients with a variety of life insurance products offered through both traditional and digital channels, distinguished by its customer-centric services and innovative solutions.
- **Softlogic Finance:** A licensed finance company offering a range of financial services including leasing, loans, and deposit products.
- **Softlogic Stockbrokers:** A licensed stockbroking firm offering a comprehensive range of brokerage and research services, distinguished due to its insightful market analysis, personalised client support, and commitment to innovative financial solutions.
- **Softlogic Asset Management,** licensed by the Securities and Exchange Commission of Sri Lanka (SEC), offers expert investment solutions, including unit trust investments. It specializes in strategic portfolio management, provides market insights, and is committed to delivering innovative, client-focused financial services.

INFORMATION TECHNOLOGY



No entities in this sector are publicly listed.

- **Softlogic Information Technologies:** A leading IT solutions provider in Sri Lanka, offering a wide range of services including enterprise solutions, systems integration, and IT infrastructure management. The company serves both private and government sectors, holding the distribution rights for world-renowned brands like Dell EMC, Lenovo, HP, HID, Matica, Selp, Sessaasai, Austriacard, CIM, Feitian, and Facephi, and is known for modernising local and foreign businesses to embrace the digital economy.
- **Softlogic Computers:** Authorised Distributor for global brands like Epson, Plus, Zebra, Honeywell, Riello, SCP, Ingscreen, and Partnertech. The company offers point-of-sale products such as printers, barcode scanners, cash drawers, and customer displays, along with banking products like passbook printers and currency counters. It operates a dealer network of around 70 solution providers, with a focus on delivering extensive technical support and services.
- **Softlogic BPO Services:** Primarily handles IT services of Softlogic Group, focusing on IT infrastructure management, helpdesk support, and other business process solutions for Group operations, while also offering select IT services to a small external clientele.



AUTOMOBILE

No entities in this sector are publicly listed.

- **Future Automobiles:** As the authorised dealer for Ford vehicles in Sri Lanka, Future Automobiles handles the servicing and repairs of Ford vehicles due to the ongoing import restrictions, ensuring continued support for Ford owners in the country.
- **Softlogic Automobiles:** As the authorised dealer for King Long buses in Sri Lanka, Softlogic Automobiles also operates a state-of-the-art collision repair center, equipped to handle repairs for all vehicle brands in the country, ensuring high-quality service for a wide range of vehicles.
- **Suzuki Motors Lanka:** Holds the exclusive Agency Agreement with Suzuki Motor Corporation of Japan to distribute Suzuki motorbikes in Sri Lanka. Amid the ongoing ban on vehicle imports, Suzuki focuses on repair and maintenance services to ensure exceptional service standards for its customers.

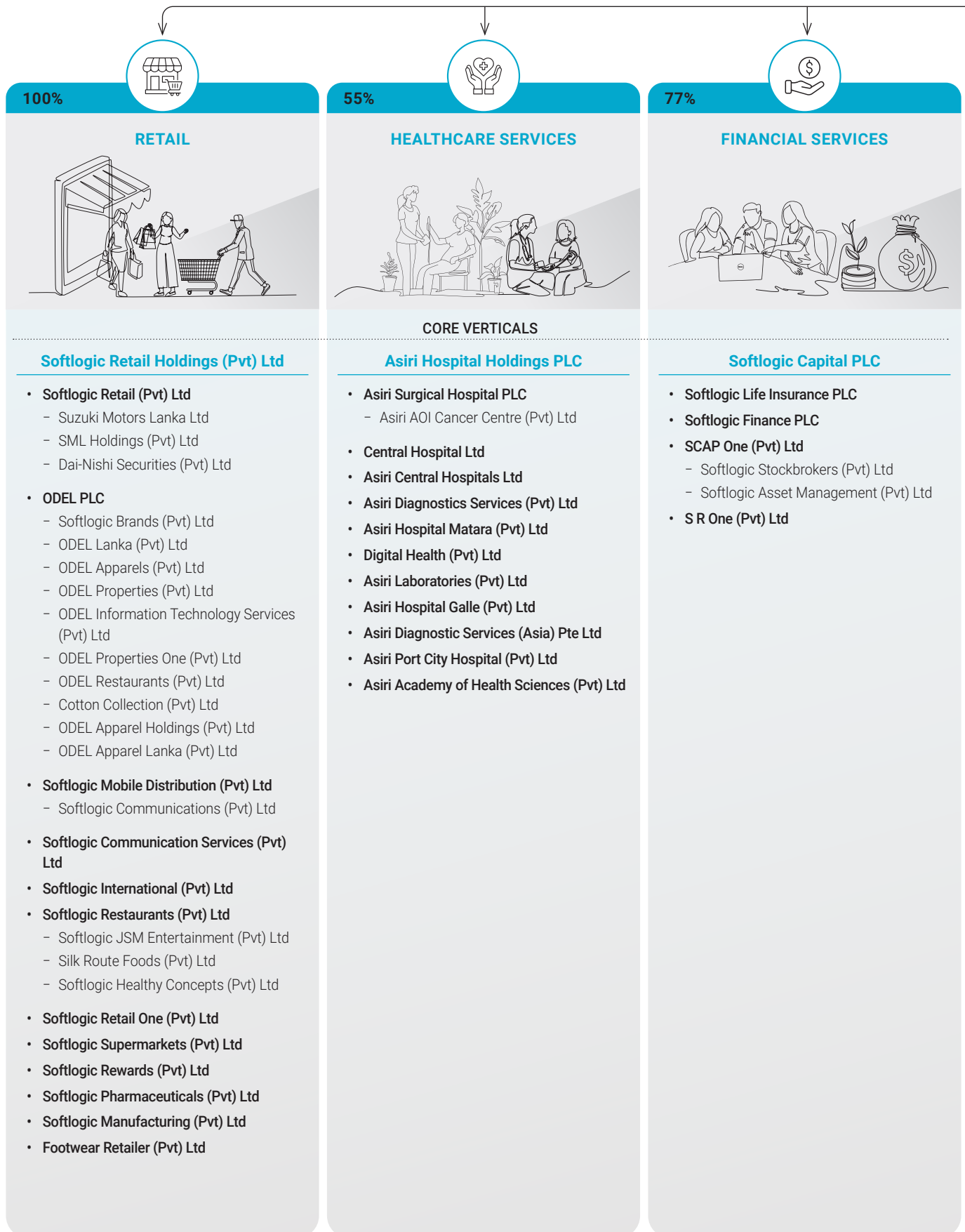


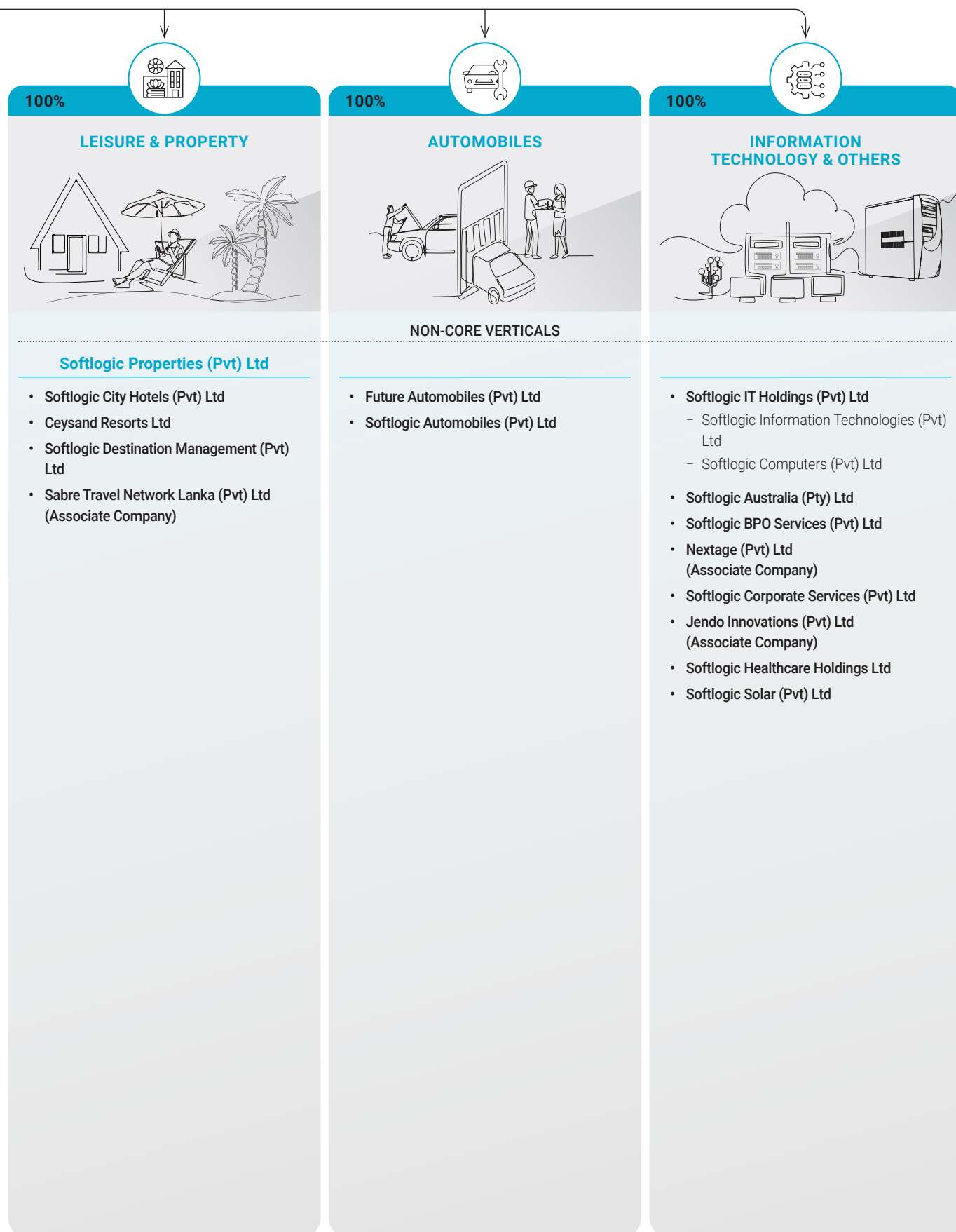
LEISURE & PROPERTY

Softlogic Properties (Pvt) Ltd is the sector holding company of the leisure and property cluster. No entities in this sector are publicly listed.

- **NH Collection Colombo:** A 219-room, five-star city hotel located in Colombo 03, is now operated by Minor Hotels Group, Thailand. NH Collection Colombo became the first 5-star city hotel to open in over three decades when it launched in January 2017. The hotel offers luxury accommodations and world-class dining options, including the Robata Grill & Lounge and the Seen Bar. It provides both business and leisure travellers with state-of-the-art facilities, positioning itself as a premier destination in Colombo.
- **NH Bentota Ceysands Resort:** Launched in 2014, this resort is now operated by Minor Hotels Group, Thailand. This serene 4-star resort features 165 rooms, and is strategically located between the Bentota River and the Indian Ocean. It offers a peaceful retreat with modern amenities, perfect for relaxation, events, and business stays.
- **Softlogic Destination Management:** A dedicated division offering specialised outbound travel services, leveraging extensive experience to provide high-quality travel experiences to both internal Softlogic Group companies and external clients, ensuring seamless and memorable journeys.
- **Sabre Travel Network Lanka:** A joint venture with Sabre Asia Pacific (Pte) Ltd, Sabre Travel Network Lanka specialises in offering advanced online ticketing and airline reservation systems. The platform streamlines booking processes for travel professionals and consumers, ensuring efficient travel planning and management across the industry.
- **Softlogic Properties:** Completed the Everest Apartment project in Colombo 5.
- **ODEL Properties One:** Development of the ODEL Mall project

OUR BUSINESSES





MESSAGE FROM THE CHAIRMAN



We remain optimistic about the country's trajectory with the recent expression of confidence by the credit rating agencies mooted a potential upgrade. The strengthened Rupee, the declining interest rates, and the improving investor sentiments, offer an opportunity for progressive recovery. The resurgence in tourism and the renewed focus on attracting foreign investment, supported by favourable macroeconomic trends, are expected to provide an enabling environment for Softlogic to thrive in the coming periods.

Dear Stakeholders,

As we reflect on the past financial year, it is with responsibility and commitment that I present this Chairman's Review for Softlogic Holdings PLC. The year marked a turning point, from a period of navigating unprecedented challenges to actively transitioning the Group towards recovery. With a turnover of Rs. 99.8 Bn and an EBITDA of Rs. 10 Bn for the financial year ending 31st March 2024, we demonstrated intrinsic strength from core business activities.

ECONOMIC OVERVIEW

In 2023, the global economy began to stabilise after years of disruption caused by the pandemic. Businesses faced a series of interconnected challenges, including escalating geopolitical tensions and persistent supply chain disruptions. These factors fuelled inflationary pressures and prompted synchronized monetary tightening in key markets. Despite these challenges, major economies demonstrated resilience throughout the year.

Sri Lanka's economy faced significant challenges but showed some signs of stabilization in 2023. Structural reforms under the IMF's Extended Fund Facility (EFF), including cost-reflective utility pricing and fiscal consolidation, helped achieve macroeconomic stability. The completion of domestic debt restructuring in September 2023 boosted confidence, and in November, an Agreement in Principle was reached with official creditors, with ongoing negotiations with commercial creditors.

Inflation eased significantly towards the end of the year, aided by a strong recovery in tourism, which crossed over 1.7Mn arrivals in FY24 - a 132% increase compared to the previous year. This growth helped stabilise reserves and provided a much-needed boost to local industries. Additionally, the Sri Lankan Rupee appreciated 6% during the year, closing at Rs. 301.18/USD, reflecting improved foreign exchange liquidity in the banking system. The Average Weighted Prime Lending Rate also saw a sharp reduction, falling to 10.69% from 21.40%, enabling businesses to benefit from lower borrowing costs. These developments signal growing confidence in the country's economic outlook. Furthermore, Moody's and Fitch Ratings recently expressed their confidence in Sri Lanka's economy pointing towards a positive territory with potential credit rating upgrades.

PERFORMANCE OVERVIEW

While the Group's financial performance reflected the tail end of economic challenges, the year also showcased gradual recovery in terms of turnover. The relaxation of import restrictions during the year, along with the normalisation of the working capital cycle, allowed us to build inventory levels, positioning us to better meet sales demand. The strengthening of the Rupee, declining interest rates, and improving tourist arrivals have created a more favourable operating environment for the Group's retail businesses, particularly in fashion apparel, mobile phones, electronics, and other luxury retail segments. This positions the Group for sustained growth and enhanced



Rs. 179.2 Bn
Total Assets



Rs. 99.8 Bn
Total Revenue



11,394
Total Employees

MESSAGE FROM THE CHAIRMAN

performance across its retail segments, capitalizing on the favourable economic conditions and increased consumer demand.

The Group achieved an operating profit of Rs. 3.5 Bn, reflecting a 91% increase compared to the previous year. Net finance costs fell by 42%, totalling Rs. 12 Bn, attributed to lower market rates and a normalisation of the working capital cycle.

The healthcare and insurance businesses have continued to deliver strong performance, effectively cross-subsidising other areas of operations. Asiri Health's proposal to acquire The Lanka Hospitals Corporation PLC was shortlisted as one of the prospective buyers by the Government of Sri Lanka. Further, the 500-bed state-of-the-art hospital project within the Port City Development, which secured cabinet approval, is being advanced to the next stage. This initiative is poised to elevate regional healthcare standards and strengthen the medical tourism sector, and we are excited to witness its transformative impact.

In 2023, Softlogic Life Insurance PLC emerged as the market leader in Sri Lanka's health insurance sector, holding a 35% share. Recognising the significant under-penetration in Sri Lanka's life and health insurance market compared to regional peers, we are confident that anticipated political stability and economic recovery will empower us to drive further growth while advancing industry standards through innovation and excellence.

The Retail sector encountered substantial economic pressures during the year, driven by increased VAT and income taxes, ongoing currency devaluation, high inflation, and working capital pressures. These macroeconomic challenges, coupled

with persistent import restrictions and high interest rates, led to reduced consumer spending and a challenging retail environment. In response, strategic actions were taken, including the selective closure of underperforming outlets to streamline the retail network and optimise profitability. While significant investments in expanding the retail footprint through malls and branded outlets faced setbacks due to the economic conditions, the eventual relaxation of import restrictions, reduced market interest rates and stabilisation of the currency towards the latter part of the year provided some relief. Despite these challenges, the sector exhibited resilience, with performance showing a notable improvement compared to the previous year.

The tourism sector, supported by relaxed travel restrictions and targeted promotions, is emerging as a key growth driver for Softlogic. Our partnership with the Minor Group has strategically positioned us to capitalise on the resurgence in tourist arrivals, as evidenced by the rebranding of our properties as NH Collection Colombo and NH Bentota Ceysands Resort. With tourism expected to sustain growth momentum, we anticipate further opportunities to expand and to differentiate this sector's value and enhance guest experience.

The challenging economic environment significantly impacted the performance of the Group's import-oriented and retail businesses, preventing the full potential of anticipated opportunities. Despite these setbacks, the Group remains resilient, with a strong foundation and strategic positioning that ensures we are well-equipped for the future.

STRATEGIC INITIATIVES

At this juncture, we understand that strategic interventions are critical to

accelerating the recovery. Key priorities during the year included the divestment of non-core businesses and the execution of equity-raising initiatives to reduce debt.

In September 2024, Softlogic Holdings PLC successfully concluded a 1:4 rights issue at Rs. 10.00 per share, raising Rs. 2 Bn, which was utilised to settle debt. Additionally, Softlogic Life Insurance PLC carried out a buy-back of 5:32 ordinary shares at Rs. 102.40 per share, providing Softlogic Capital PLC with Rs. 2.6 Bn to further reduce debt.

These initiatives were undertaken to strengthen the Group's liquidity position and to sharpen its focus on core business verticals. Additionally, the management of the Group's two hotel properties was entrusted to the Minor Hotels Group, Thailand, to better align with evolving post-pandemic tourism dynamics. Consequently, the properties were rebranded as NH Collection Colombo and NH Bentota Ceysands Resort.

Furthermore, in our efforts to optimise operational efficiency, we streamlined our geographical presence to strategically position our retail outlets in targeted customer segments. Concurrently, we maintained a strong commitment to driving customer-centric innovation and upholding the highest standards of service excellence.

During the year, we negotiated with lenders to restructure existing debt and secure more favourable financing terms, enabling more effective cash flow management. The second phase of the equity-raising programme, involving the issuance of warrants in December 2024, is a strategic initiative aimed at further strengthening capital, reducing debt, and enhancing the Group's operational flexibility.

Capital restructuring, including debt reduction, is a critical priority for restoring the Group's financial position, and all necessary measures are being taken to address this. Besides, we are actively seeking buyers for our hotel sector, with a focus on securing pricing at valuations that accurately reflect the full potential of these businesses.

LOOKING AHEAD

We remain optimistic about the country's trajectory with the recent expression of confidence by the credit rating agencies mooted a potential upgrade. The strengthened Rupee, declining interest rates, and improving investor sentiment, as highlighted by recent credit rating reviews, offer a solid foundation for recovery. The resurgence in tourism and the renewed focus on attracting foreign investment, supported by favourable macroeconomic trends, are expected to provide an enabling environment for Softlogic, especially for its retail sector, to thrive in the coming periods.

In the past, Softlogic made substantial investments in the retail and tourism sectors, in alignment with the country's vision to position Sri Lanka as a premier tourist shopping destination in South Asia. Unfortunately, external challenges such as the Easter attacks, the global pandemic, economic instability, and other unforeseen factors disrupted this vision, leading to significant setbacks in both national and corporate performance. These events impacted Softlogic's growth trajectory, but we remain resolute in our commitment to our core sectors. As the country works towards economic stabilisation and recovery, Softlogic is focused on leveraging emerging opportunities to contribute to the long-term vision of a revitalised Sri Lanka, positioning ourselves to support and benefit

from the nation's future growth and development.

The newly elected government, both with predominantly executive and parliamentary powers, offers a renewed sense of hope for the nation, particularly as it seeks to collaborate with the IMF and other international bodies to navigate through the ongoing economic challenges. With a clear focus on stabilising the economy, the new regime aims to implement fiscal reforms, attract foreign investments, and address the country's debt repayment. Strengthening partnerships with organisations like the IMF can help access vital financial support, while policy shifts focused on transparency, governance, and sustainable growth are expected to pave the way for long-term economic recovery and rating upgrades. Furthermore, bilateral partnerships with nations have been encouraging, with considerable goodwill shown by strong economies such as Japan, India, and China, offering Sri Lanka opportunities for a more rapid economic recovery.

Softlogic, with its diversified portfolio and strategic positioning in key growth sectors, is poised to leverage these positive trends. Our investments in retail and tourism continue to align with the broader national vision, and we remain resolute in ensuring that the Group stays in the right direction.

The potential upgrade of Sri Lanka's credit rating by Moody's signals a breakthrough in economic stability, offering substantial benefits for Softlogic Holdings PLC. Lower borrowing costs and stronger investor confidence would ease financial pressures across the Group, particularly in import-driven operations and retail sectors. A more stable currency will also help reduce costs for imported goods, improving margins while fostering growth opportunities in

tourism and healthcare, sectors that are key to Softlogic's strategic focus. This development reinforces the Group's ability to leverage emerging opportunities as Sri Lanka transitions toward recovery. Furthermore, the strengthening of the Rupee, driven by the FX surplus in the banking system, bodes well for the Group, enabling it to realise accounting translation gains from its USD-denominated debt exposure.

I would like to express my gratitude to our Board of Directors, management, and all employees for their dedication and unwavering support during these testing times. We are also deeply grateful to our shareholders and business partners for their continued confidence.

We also recognise the invaluable support and accommodation provided by our lenders and bankers, who stood by us during these challenging times. Their continued partnership has been instrumental in ensuring our stability and positioning us for future growth.

Together, we look forward to rebuilding the economy and the Group, with renewed purpose and a shared commitment to ensure a sustainable future.



Ashok Pathirage

Chairman/ Managing Director

09 December 2024

Colombo

BOARD OF DIRECTORS



ASHOK PATHIRAGE
Chairman / Managing Director



HARESH KAIMAL
Executive Director



RANJAN PERERA
Executive Director



HEMANTHA GUNAWARDENA
Executive Director



ROSHAN RASSOOL
Executive Director



NIHAL KEKULAWALA
Senior Independent Non-Executive Director



PROF. AJANTHA DHARMASIRI
Non-Executive Independent Director



THIRUKUMAR NADARASA
Non-Executive Independent Director



SHIRISH SARAF
Non-Executive Non-Independent Director



CHETAN GUPTA
Alternate Director 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 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.

He is the Chairman/Managing Director of Softlogic Holdings PLC, Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC and ODEL PLC. He also serves as the Chairman of Softlogic Capital PLC, Softlogic Life Insurance PLC, Softlogic Finance PLC and NDB Capital Holdings Limited in addition to other companies of the Softlogic Group.

HARESH KAIMAL

Executive Director

Mr. Hareesh Kumar Kaimal is a co-founder of the Softlogic Group and an Executive Director of Softlogic Holdings PLC 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 an Executive Director of Softlogic BPO Services (Pvt) Ltd, Director of ODEL PLC, Softlogic Finance PLC, Softlogic Life Insurance

PLC, Softlogic Capital PLC and many other Group Companies.

RANJAN PERERA

Executive Director

Mr. Ranjan Perera is a co-founder and shareholder of Softlogic Group of Companies. Executive Director since inception and having three decades of experience, Mr. Perera holds many Directorships in subsidiaries of the Softlogic Group. He is the CEO of the Group's Mobile Phone Operations, CEO of Retail Sector, Managing Director of Softlogic Pharmaceuticals (Pvt) Ltd, Managing Director – FMCG Channel and heading the Higher Purchase Division of the Retail Sector.

He is heading the Service Centre Operations, Supply Chain Management & Logistics, Director of Softlogic Stockbrokers (Pvt) Ltd and Softlogic Manufacturing (Pvt) Ltd. He is the Non-Executive Director of Softlogic Capital PLC and Softlogic Finance PLC. Currently, he is a member of the Board of Study, Sri Lanka Foundation Institute.

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.

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 Technologies, Lenovo, Nutanix, EMC storage systems, Aruba, Xerox imaging products, Fortinet security products, Checkpoint security, Veeam backup solutions 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.

NIHAL KEKULAWALA

Senior Independent Non-Executive Director

Mr. Nihal 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.

PROF. AJANTHA DHARMASIRI

Non-Executive Independent Director

Prof. Ajantha Dharmasiri was appointed to the Board in 2016 as a Non-Executive Independent Director. He has a rare combination of being a Chartered Manager, Chartered HR Professional and a Chartered Electrical Engineer. He is acclaimed as a conference speaker, corporate trainer, strategy consultant, author and an academic. He is the first home-grown Senior Professor in Management of the Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura, Sri Lanka and was a Director/Chairman of the Board of Management of it. He became the first Sri Lankan to lead both the Chartered Management Institute (CMI) – Sri Lanka Chapter and Chartered Institute of Personnel Management (CIPM). He is an Adjunct Professor at Price College of Business, University of Oklahoma.

He was the editor of the pioneering Sri Lankan Journal of Management (SLJM). Being a Commonwealth AMDISA Doctoral Fellow, Fulbright Postdoctoral Fellow, and a Commonwealth Postdoctoral Fellow, he is also an independent director of several boards. Prof. Dharmasiri likes to identify himself as one who transitioned from being an “Engineer of Electrical” to an “Engineer of Hearts and Minds”.

THIRUKUMAR NADARASA

Non-Executive Independent Director

Thirukumar Nadarasa is a seasoned senior executive with over 33 years of CXX level operational and management experience working in a number of telecom operations in South East Asia, Middle East and Africa. He first joined Singapore Telecom (Singtel) in 1990 and was with them for 4 years including secondment to Thai operations. In 1994, he joined Hutchison Telecom International in Hong Kong, part of the Hutchison Whampoa conglomerate. He has been posted in various Asian countries including India, Indonesia, Myanmar, Thailand, Vietnam and Sri Lanka. In 2009, Mr. Nadarasa joined Bintel in Bahrain as the Group COO overseeing mobile operations in four West African countries. In 2012, Mr. Nadarasa rejoined Hutchison as CEO of Hutch Sri Lanka and successfully managed the complex merger with Etisalat Lanka. Mr. Nadarasa retired from the Hutchison group in September 2023.

Mr. Nadarasa holds a Bachelor of Science Honours degree in Electronic and Electrical Engineering from Loughborough University of Technology, UK. He also has a Master of Science degree in Telecom Technology from Aston University, UK. He has then obtained a Master of Science in Management Science from Imperial College, University of London, UK.

Mr. Nadarasa is an Associate Member of the Institution of Electrical Engineers UK.

SHIRISH SARAF

Non-Executive Non-Independent 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, among 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 Director to Mr. Shirish Saraf

Mr. Chetan Gupta is the Senior Executive Officer of Samena Capital Investments Ltd Dubai. Mr. Gupta is a member of the Board of Directors of Samena Capital and of multiple portfolio companies including U-Gro Capital Ltd (India), Imperial Hotels (Pvt) Ltd (India) and RAK Logistics (Singapore). He is also a member of the Investment Committee for the Fund. Mr. Gupta has over 20 years of professional investment experience and is a qualified 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

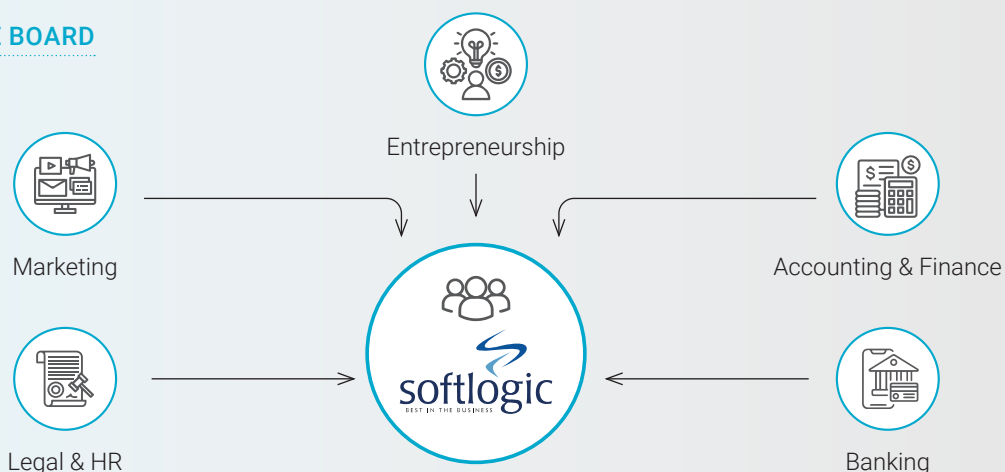
system is subject to ongoing review, assessment and improvement. The Board of Directors proactively adopts good governance policies and practices designed to align the interests of the Board and Management with those of shareholders and other stakeholders and to promote the highest standards of ethical behaviour and risk management at every level of the organisation.

BOARD OF DIRECTORS

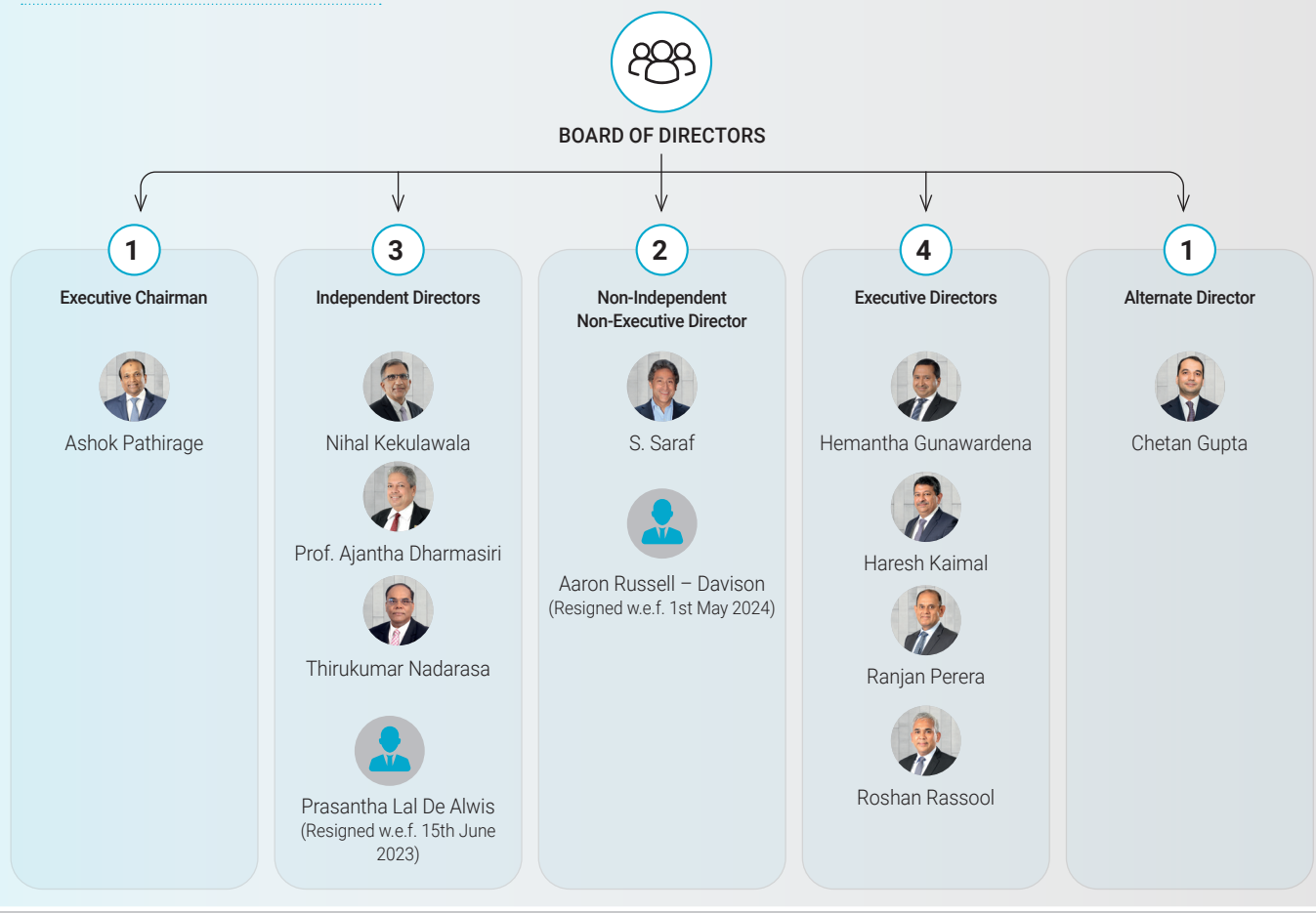
The Board of Directors are responsible for setting the strategic direction of the Group, safeguarding assets, managing risks and setting the tone at the top. They have set in place governance frameworks to facilitate achievement of strategic goals and compliance with regulatory frameworks while balancing 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 16 and 17 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 four Non-Executive Directors as at 31st March 2024 and as at date represented Non-Executive Directors who are reputed leaders in their fields of expertise out of whom three are Independent as at 31st March 2024.

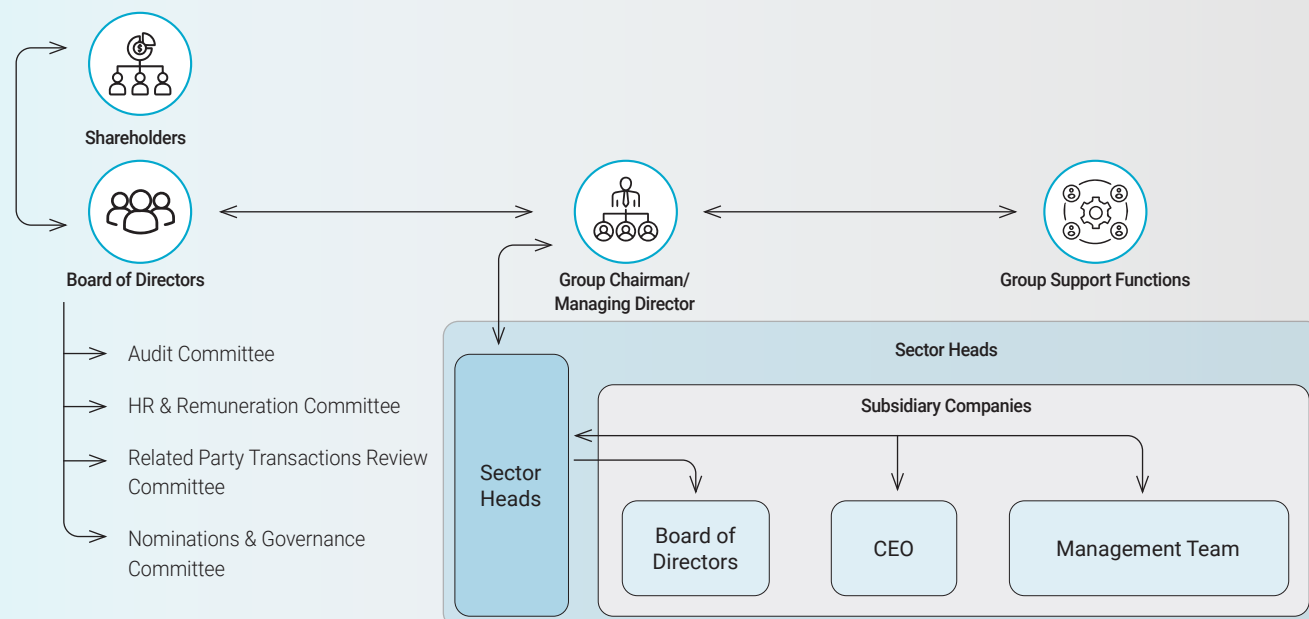
SKILLS OF THE BOARD



COMPOSITION OF THE BOARD



SOFTLOGIC HOLDINGS PLC



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	<ul style="list-style-type: none"> • Mr. J.D.N. Kekulawala (Senior Independent Non-Executive Director) - Chairman • Prof. A.S. Dharmasiri (Independent Non-Executive Director) • Mr. T. Nadarasa (Independent Non-Executive Director) 	<p>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.</p> <p>Frequency of Meetings: Committee meets quarterly</p>
HR & Remuneration Committee	<ul style="list-style-type: none"> • Prof. A.S. Dharmasiri (Independent Non-Executive Director) – Chairman • Mr. J.D.N. Kekulawala (Senior Independent Non-Executive Director) • Mr. T. Nadarasa (Independent Non-Executive Director) 	<p>Responsible for determining remuneration policy and the terms of engagement and remuneration of the Chairman, the Board of Directors and the Executive Committees.</p> <p>Frequency of Meetings: Committee meets annually.</p>
Related Party Transactions Review Committee	<ul style="list-style-type: none"> • Prof. A.S. Dharmasiri (Independent Non-Executive Director) – Chairman • Mr. H.K. Kaimal (Executive Director) • Mr. T. Nadarasa (Independent Non-Executive Director) 	<p>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.</p> <p>Frequency of Meetings: Committee meets quarterly</p>
Nominations and Governance Committee (In terms of Rule 9.11 of CSE Listing Rules, the Nominations and Governance Committee was established w.e.f. 1st July 2024)	<ul style="list-style-type: none"> • Mr. T. Nadarasa (Independent Non-Executive Director) - Chairman • Mr. J.D.N. Kekulawala (Independent Non-Executive Director) • Prof. A.S. Dharmasiri (Independent Non-Executive Director) 	<p>Responsible for the evaluation of the appointment of Directors to the Board of Directors and Board Committees of the Company.</p>

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	Board	Board Sub Committees		
		Audit Committee	HR & Remuneration Committee	Related Party Transactions Review Committee
Mr. A.K. Pathirage	2/2			
Mr. H.K. Kaimal	2/2			2/2
Mr. R.J. Perera	2/2			
Mr. G.W.D.H.U. Gunawardena	2/2			
Mr. M.P.R. Rassool	2/2			
Prof. A.S. Dharmasiri	2/2	7/7	1/1	2/2
Mr. J.D.N. Kekulawela	2/2	7/7	1/1	
Mr. A. Russell-Davison (Resigned w.e.f. 1st May 2024)	0/2			
Mr. W.M.P.L. De Alwis (Resigned w.e.f. 15th June 2023)		1/7		
Mr. S. Saraf (Alternate Director - Mr. C.K. Gupta)	1/1			
Mr. T. Nadarasa (Appointed w.e.f. 1st May 2024)	-	-	-	-

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. H.K. Kaimal
- Mr. J.D.N. Kekulawala
- Mr. G.W.D.H.U. Gunawardena
- Mr. T. Nadarasa

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 Group's 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

CORPORATE GOVERNANCE

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 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 71 provides further information. The aggregate remuneration paid to the Directors is disclosed in the Notes to the financial statements on page 127 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, 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 82 to 211
- Statement of Directors' Responsibilities - page 74
- Annual Report of the Board of Directors on the Affairs of the Company - pages 63 to 66
- Management Discussion & Analysis - pages 33 to 62

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 Non-Executive Directors all of whom are Independent for the financial year ended 31st March 2024.

Further, as at date the Audit Committee comprises 3 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 16 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 127 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 pages 30 to 32 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 179 to 182 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 into 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.

Principle	Compliance and Implementation	Effective Date	Status
9	Corporate Governance		
9.1	Applicability of Corporate Governance Rules		
	The Company has to comply with CSE Listing Rule 9 by verifying its adherence to Corporate Governance Rules.	1st October 2023	Complied
9.2	Policies		
9.2.1	<p>The Company has to implement the policies below, and disclose on the Company website along with information regarding their existence and implementation details.</p> <ul style="list-style-type: none"> a) Policy on the matters relating to the Board of Directors b) Policy on Board Committees c) Policy on Corporate Governance, Nominations and Re-election d) Policy on Remuneration e) Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities f) Policy on Risk Management and Internal Controls g) Policy on Relations with Shareholders and Investors h) Policy on Environmental, Social and Governance Sustainability i) Policy on Control and Management of Company Assets and Shareholder Investments j) Policy on Corporate Disclosures k) Policy on Whistleblowing l) Policy on Anti-Bribery and Corruption 	1st October 2024	Status in progress

CORPORATE GOVERNANCE

Principle	Compliance and Implementation	Effective Date	Status
9.2.2	The Company has to comply with the Internal Code of Business Conduct and ethics	1st October 2024	Status in progress
9.2.3 - 9.2.4	The policies have to be disclosed on the company website, and be updated on changes made to them throughout the year. All policies are accessible to shareholders upon a written request.	1st October 2024	Status in progress
9.3	Board Committees		
9.3.1 - 9.3.2	<p>The Company has to maintain 4 mandatory committees required by CSE listing rules.</p> <p>a) Nominations and Governance Committee b) Remuneration Committee c) Audit Committee d) Related Party Transactions Review Committee</p> <p>The composition, responsibilities, and disclosures required in respect of the above Board committees have been disclosed.</p>	1st October 2023	Complied
9.3.3	The Chairperson of the Board of Directors is not the Chairperson of any Board Committees referred to in Rule 9.3.1 above.	1st October 2024	Complied
9.4	Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders.		
9.4.1	The Company must maintains information required by 9.4.1 and the required information has been provided to the Exchange and/or the SEC upon request.	1st October 2023	Complied
9.4.2	The company shall have established a policy to effectively communicate with shareholders and investors, which is outlined in both the annual report and on the website. Additionally, a designated contact person must be provided for communication purposes. This policy should ensure that all Directors are informed of any significant concerns or issues raised by shareholders. Furthermore, these concerns must be transparently addressed in the annual report and on the website.	1st October 2023	Status in progress
9.5	Policy on matters relating to the Board of Directors		
9.5.1	The Company has to adopt policies, along with information regarding the Board composition, the roles of the Chairperson and CEO, as well as other requirements as per Rule No 9.5.1	1st October 2023	Status in progress
9.5.2	The Company has to adopt the Policy on matters relating to the Board of Directors.	1st October 2023	Status in progress
9.6	Chairperson and CEO		
9.6.1 – 9.6.4	The roles of Chairperson and CEO are occupied by distinct individuals; however as the Chairperson of the Company is not a Non-Executive Director the Company has designated a Senior Independent Director (SID)	1st October 2023	Complied
9.7	Fitness of Directors and CEOs		
9.7.1 – 9.7.2	Every member of the Director Board should be a fit and proper person to act as Director, CEO/MD as specified in the 'Fit and Proper Assessment Criteria' set out in Rule 9.7.3	1st October 2023	Complied
9.7.3 – 9.7.5	The Entity shall ensure that the Board of Directors are fir and proper to act as a Director.	1st April 2024	Complied

Principle	Compliance and Implementation	Effective Date	Status
9.8	Board Composition		
9.8.1-9.8.2	The Director Board should consist of a minimum of 05 Directors and a 1/3 of the Board should be independent. The Board of the Company consists of 9 (Nine) Directors and 3 (Three) are independent. Hence 1/3 of the total number of Directors are independent, as required.	1st October 2024	Complied
9.8.3-9.8.4	The criteria for determining independence should be disclosed. Refer the Independence of Director as at 31st March 2024	1st October 2023	Complied
9.8.5	Directors have to submit the formal declaration of independence annually. The Board has to review these annual declarations and other available information to verify adherence to the criteria for assessing independence.	1st October 2023	Complied
9.9	Alternate Director		
	The Company should follow the requirements in appointing an Alternate Director.	1st January 2024	Status in progress
9.10.	Disclosures relating to Directors		
9.10.1	The maximum no of Directorships should be in line with the policy on matters relating to the Board of Directors as per Rule No 9.5.1	1st October 2023	Complied
9.10.2	The Company should set out an immediate Market Announcement when making new appointments to the Board setting out the required information on the new appointment.	1st October 2023	Complied
9.10.3	An immediate Market Announcement should be made with regard to the changes to the composition of the Board and Board Committees referred to in Rule 9.3	1st October 2023	Complied
9.10.4	Director information required to rule no. 9.10.4 has to be disclosed in the Annual Report.	1st October 2023	Complied
9.11	Nominations and Governance Committee		
9.11.1-9.11.3	The Company should have a Nominations and Governance Committee and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board. The Committee should operate under a set of written terms of reference that clearly outline its scope, authority, duties.	1st October 2024	Complied
9.11.4	Composition of the Committee: The Nominations and Governance Committee must comprise of Two [2] Independent Non-Executive Directors and One [1] Non-Executive Director. An Independent Director should serves as the Chairperson. The committee composition must be disclosed in the Annual Report.	1st October 2024	Complied
9.11.5	Functions of the Committee: The Committee must fulfil its duties by evaluating and recommending Director appointments, establishing selection criteria, reviewing the Board's structure, and updating governance policies in accordance with the stipulations outlined in Section 9.11.5, thereby ensuring compliance with regulatory requirements. The re-elections and new appointments have to be disclosed.	1st October 2024	Status in progress

CORPORATE GOVERNANCE

Principle	Compliance and Implementation	Effective Date	Status
9.11.6	<p>Disclosures:</p> <p>During the year, the Company has demonstrated compliance with the necessary disclosure requirements, as follows.</p> <ul style="list-style-type: none"> a) The names of Chairperson, Committee members and Directors; b) Committee appointment date; c) Nominating Director policy existence; d) Directors' periodic re-election requirement; e) Board diversity disclosure; f) Effective Director appointment policy demonstration; g) Re-elected Directors' details; h) Board and CEO performance evaluations; i) Independent Directors' awareness on major issues relating to the entity; j) New Directors' induction on governance; k) Annual updates on governance for Directors; l) Directors' independence confirmation; m) Listing Rules compliance statement, non-compliance explanation, and remedial actions. <p>This rule is applicable with effective from 1st October 2024.</p>	1st October 2024	Status in progress
9.12	Remuneration Committee		
9.12.1 – 9.12.5	<p>The Company should have a Remuneration Committee and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her remuneration.</p> <p>The Committee should operate under a set of written terms of reference that clearly outline its scope, authority, duties, and requirements for meeting quorum.</p> <p>Refer Remuneration Committee Report</p>	1st October 2023	Complied
9.12.6	<p>Composition of the Committee:</p> <p>The company operates with a separate Remuneration Committee.</p> <p>The Remuneration Committee comprises Two [2] Independent Non-Executive Directors and One [1] Non-Executive Director. An Independent Director serves as the Chairperson.</p> <p>Refer Remuneration Committee Report</p>	1st October 2024	Complied
9.12.7	<p>Functions of the Committee:</p> <p>The committee should, recommend and assess the relevance of the remuneration payable to the Executive Directors of the Company.</p>	1st October 2023	Complied

Principle	Compliance and Implementation	Effective Date	Status
9.12.8	<p>Disclosures:</p> <p>The Company should disclose that during the year, the Company has demonstrated compliance with the necessary disclosure requirements, as follows.</p> <p>a) Chairperson and members of the Remuneration Committee and their Directorships.</p> <p>b) Statement on remuneration policy.</p> <p>c) Aggregate remuneration of Executive and Non-Executive Directors.</p> <p>For (a) and (b) refer Committee Report</p> <p>For (c) refer Financial Statement disclosure</p>	1st October 2023	Complied
9.13	Audit Committee		
9.13.1	The Audit Committee of the Company shall perform the Audit and Risk Functions set out in Rule 9.13.	1st October 2023	Complied
9.13.2	The Committee has to operate under a set of written terms of reference that clearly outline its scope, authority, duties.	1st October 2023	Complied
9.13.3	<p>Composition of the Committee:</p> <p>The Audit Committee should comprise of Two [2] Independent Non- Executive Directors and One [1] Non-Executive Director. During the year the Committee should compulsorily meet quarterly. Unless otherwise determined by the Audit Committee the Chief Executive Officer and the Chief Financial Officer shall attend by invitation. The Chairperson of the Committee shall be a member of a recognised professional accounting body.</p>	1st October 2024	Complied
9.13.4	<p>Functions of the Committee:</p> <p>The committee should oversee the entity's compliance with financial regulations, reviewing financial statements and accounting policies, recommending external auditor appointments, ensuring assurance on financial records and risk management, overseeing compliance with auditing standards and risk management, evaluating risk policies, taking corrective actions on excessive risks, reviewing audit effectiveness, establishing policies for external auditor engagement, justifying auditor changes when necessary, and promptly reporting breaches to the Board and relevant authorities.</p>	1st October 2024	Complied

CORPORATE GOVERNANCE

Principle	Compliance and Implementation	Effective Date	Status
9.13.5	<p>Disclosures:</p> <ol style="list-style-type: none"> 1) Audit Committee Report. 2) Disclosure requirement: <ol style="list-style-type: none"> a) Chairperson and Audit Committee members' details, b) Risk management status for Listed Entity and Group. c) CEO and CFO assurance statement. d) Compliance opinion on financial reporting requirements. e) Confirmation of Audit Charter existence. f) Summary of internal audit method. g) Details of functions discharged for the financial year. h) Confirmation of external auditors' independence. i) Auditor independence determination and engagement details. <p>Refer Audit Committee Report.</p>	1st October 2024	Complied
9.14	Related Party Transactions Review Committee		
9.14.1	<p>The Company possesses a Related Party Transactions Review Committee and conforms to the requirements set out in Rule 9.14 of these Rules</p> <p>The Committee operates under a set of written terms of reference that clearly outline its scope, authority, and duties.</p>	1st October 2023	Complied
9.14.2	<p>Composition of the Committee:</p> <p>The Committee comprises of Two [2] Independent Non-Executive Directors and One [1] Non-Executive Director. An Independent Director shall serve as the Chairperson.</p>	1st April 2024	Complied
9.14.3	<p>Functions of the Committee:</p> <p>The Company has to set up a Related Party Transactions Review Committee to oversee such transactions, with the aim of safeguarding shareholders' interests and preventing abuse by Directors, CEOs, or Substantial Shareholders. The rules prioritise the economic and commercial substance of transactions over the legal form or technicalities. The committee is tasked with establishing and maintaining clear policies, procedures, and processes for identifying, clarifying, and reporting related party transactions across the Company's operations.</p> <p>Refer the Related Party Transactions Review Committee Report.</p>	1st October 2023	Complied
9.14.4	<p>General requirements:</p> <p>The Committee shall meet quarterly, ensuring thorough documentation of meeting minutes for the Board of Directors. Committee members shall have access to adequate expertise to evaluate proposed transactions, seeking professional advice when necessary. Approval from the Board of Directors is requirement for reviewed transactions as mandated by Rule 9.14.4. Directors with personal interests in such matters must abstain from participation and voting during relevant Board Meetings.</p> <p>Refer the Related Party Transactions Review Committee Report</p>	1st October 2023	Complied

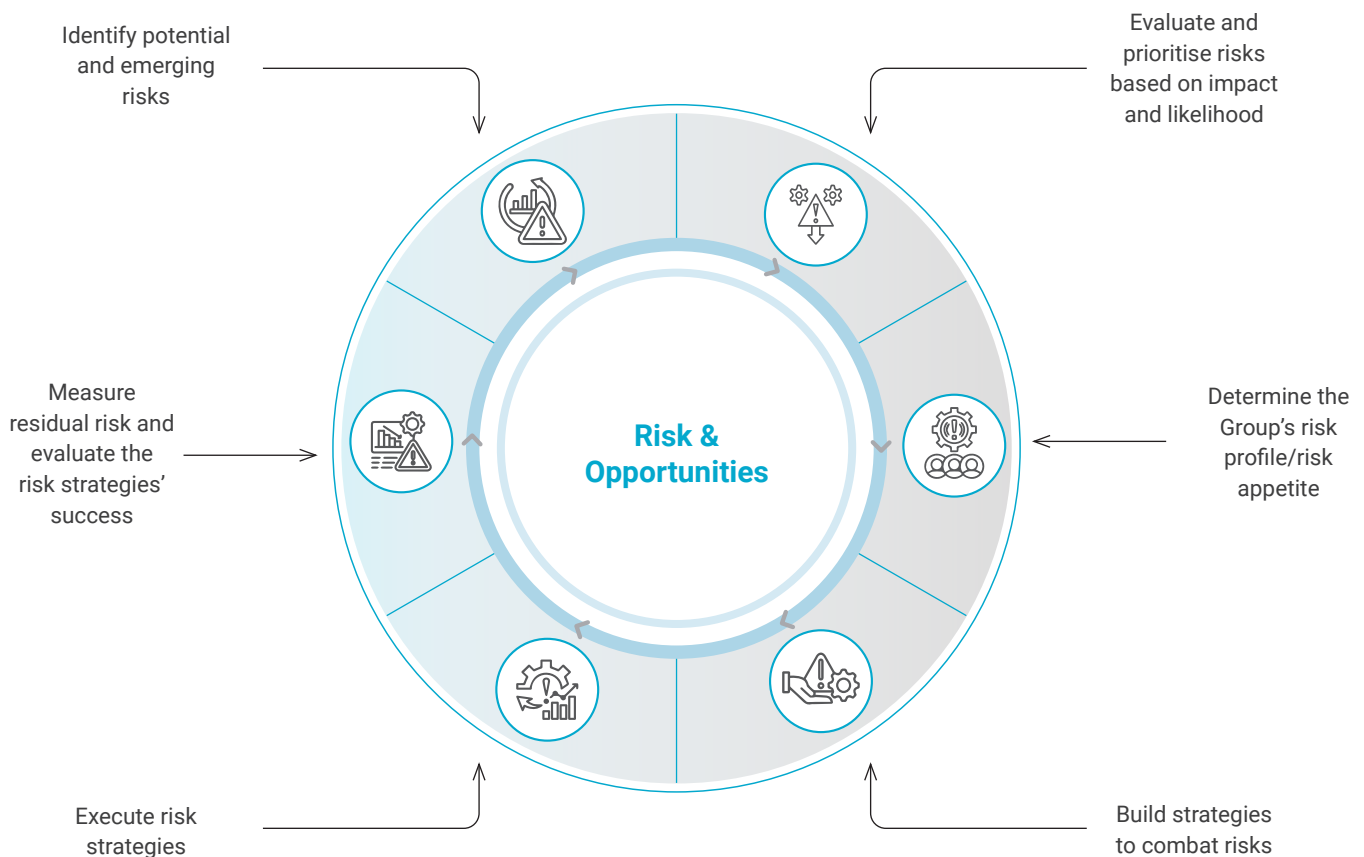
Principle	Compliance and Implementation	Effective Date	Status
9.14.5 – 9.14.6	The Related Party Transactions Review Committee, shall review all related party transactions, while also considering any material changes to previously reviewed transactions under Rule 9.14.5. They may assess transaction details, and Director independence and may establish guidelines for ongoing deals, conducting annual compliance reviews. The Company shall obtain shareholder approval in the way of a special resolution when related party transactions listed in 9.14.6 occur	1st October 2023	Complied
9.14.7	Disclosures: The non-recurrent related party transactions which exceeded the aggregate value of 10% of the Equity or 5% of the Total Assets, the latest related party transactions which exceeded aggregate value of the 10% of the Equity or 5% of the Total Assets, the subsequent non-recurrent related party transactions which exceeded 5% of the Equity of the entity shall be disclosed by an immediate market announcement in accordance with rule 9.14.7 Refer the Related Party Transactions Review Committee Report.	1st October 2023	Complied
9.14.8	Disclosures in the Annual Report: The transactions in the aggregate value of the non- recurrent Related Party Transactions exceeding 10% of the Equity or 5% of the Total Assets of the Company, as per the latest Audited Financial Statements shall be disclosed in the Annual Report in the given format in rule 9.14.8	1st October 2023	Complied
9.14.9	Acquisition and Disposal of Assets from/to related parties except for transactions in 9.14.10 shall follow the requirements as per rule 9.14.9.	1st October 2023	Complied
9.14.10	Exempted Related Party Transactions: The Company shall note the definition given under exempted related party transactions when determine the related party transactions of the Company.	1st October 2023	Complied
9.16	Additional disclosures		
	i) The Board of Directors shall disclose all material interests in Entity contracts and refrained from voting on such matters. Please refer annual report of the Board of Directors	1st October 2023	Complied
	ii) The Board shall review internal controls and obtain reasonable assurance of effectiveness and any inability to declare shall be explained. Please refer annual report of the Board of Directors	1st October 2023	Complied
	iii) The Board shall stay informed about applicable laws, rules, and regulations. Refer Annual report of Board of Directors	1st October 2023	Complied
	iv) The Board shall disclose instances of non-compliance and material fines in Entity-operated jurisdictions. Refer Annual Report of Board of Directors	1st October 2023	Complied

RISK & OPPORTUNITIES

Amidst a rapidly evolving and unpredictable operating environment, Softlogic Holdings maintained a proactive approach to identifying and mitigating risks, while strategically capitalising on new opportunities. Our strategic approach enabled the Group to effectively address potential threats and maintain the resilience whilst delivering value to stakeholders.

MANAGING RISKS

The Group undertakes a cyclical approach to risk management, we have adopted the following approach to manage the risks:



Utilising the above process, the following key risks were identified:

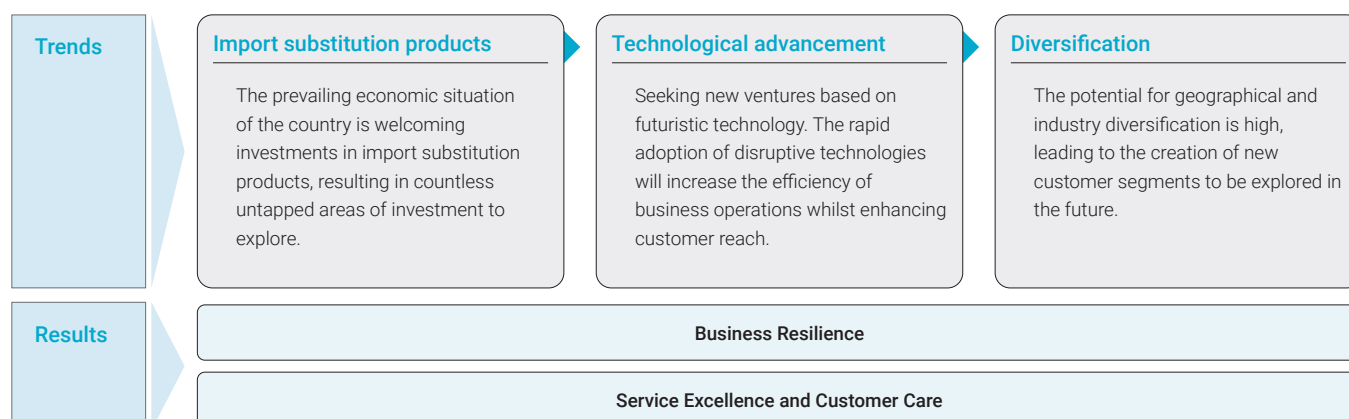
Identified Risk	Impact and Implications	Mitigation Strategies	Risk Status
Liquidity & Funding Risk	Inability of meeting financial obligations may arise either due to insufficient cash flow or limited access to funding sources. Economic downturns and financial market volatility have restricted the access to low-cost funding while the lower demand due to inflationary situation has affected the operational cashflows.	Maintaining prudent management of cash flows and liquidity, with several business sectors generating robust cash inflows due to their nature as cash-driven operations.	Increasing
Business Cycle	<p>The country was able to recover from the recession during the second half of the financial year which was a major relief for the business environment of the country. However, the high inflation and continued political uncertainties affected the demand for goods and services while the new tax policies affected the bottom-line and business growth.</p> <p>Retail and Healthcare sectors were affected to a greater extent due to these encounters.</p>	<p>The Group maintained its resilience through various initiatives aimed at sustaining a robust operating model. Cost optimisation initiatives and rationalisation measures played a pivotal role in overcoming the challenges.</p> <p>Focusing on new growth opportunities and actively implementing innovative, cost-effective solutions.</p> <p>Monitoring the shifts in demand dynamics, capitalising on emerging opportunities, and continuously evaluating the Group's portfolio to prioritise key growth areas.</p>	Decreasing
Health and Safety Risk	<p>Certain aspects of our operations may pose elevated health and safety risks to employees.</p> <p>Threats to the health and safety of key stakeholder groups may lead to potential disruption of services and business activities.</p>	Stringent health and safety protocols were followed to safeguard employee well-being. Optimal utilisation of digital platforms was encouraged to reduce the physical interactions in order to safeguard the health and safety of employees and customers	No change
Political Risk	<p>Political uncertainties can affect the reputation in the international market. This may result in delaying the revival in tourist arrivals and FDI inflows and international partnerships can be strained.</p> <p>Import bans and tariff revisions impacted business operations, particularly in the automobile, retail and telecommunication sectors.</p>	<p>Continuously engaging and communicating with our partners to ensure our relationships are maintained.</p> <p>Regularly monitoring of regulatory changes to ensure adherence and to grab opportunities.</p> <p>Relying on a balanced portfolio to insulate against risks to certain sectors.</p>	Decreasing
Market Risk	<p>Fluctuations in stock prices and interest rates have an impact on the financial services sector, particularly in terms of asset and liability portfolios.</p> <p>Similarly, due to certain sectors and their dependency on imports, volatile exchange rates can have an impact on profitability.</p>	Prudent and proactive management of assets and liability portfolios. Seeking local manufacturing capabilities were pertinent.	Decreasing

RISK & OPPORTUNITIES

Identified Risk	Impact and Implications	Mitigation Strategies	Risk Status
Supply Chain Risk	Global supply chains were affected by international conflicts while the domestic supply chain became costly due to increased fuel prices	Exploring alternate sources of supply and relying on long-term partnerships and innovative strategies to enable continuity.	No change
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.	No change
Reputation Risk	Unexpected events resulting in reputational damage.	Instilling a strong commitment to service excellence and quality throughout the Group.	No change
Cybersecurity Risk	Most of our business processes rely on internet-driven services, which in turn expose the organisation to a distinct set of cybersecurity threats.	<p>Conscious measures have been taken to manage the network perimeter defence and data losses while rigorous monitoring mechanisms are in place to address suspicious cyber activities.</p> <p>Regular vulnerability assessments are conducted for all critical systems, and penetration testing is carried out on IT systems when necessary.</p> <p>Staff awareness campaigns are conducted regarding information security and the handling of sensitive information.</p>	Increasing

PURSuing OPPORTUNITIES

The Group's readiness to take entrepreneurial risks allows it to capitalise on opportunities as they emerge. The below mentioned opportunities were determined following an assessment of emerging trends and dynamics, to which the Group responded accordingly:



FINANCIAL REVIEW

REVENUE

Softlogic Group had strongly defended its topline performance during the year, achieving a 3% increase in consolidated revenue to Rs. 99.8 Bn, up from Rs. 96.9 Bn in the previous year. This growth reflects the Group's ability to adapt amidst a challenging operating landscape. Despite macroeconomic headwinds, including inflationary pressures and fluctuating exchange rates, Softlogic's diverse portfolio across key sectors such as Retail & Telecommunication, Healthcare, and Financial Services enabled it to capture growth opportunities. The Retail sector remained the largest contributor to Softlogic Group's revenue, accounting for 33% while Healthcare Services followed closely, contributing 29%, driven by strong demand for private healthcare during the year. Financial Services made a significant contribution as well, representing 28% of total revenue, primarily driven by Softlogic Life Insurance. The IT sector contributed 7% to Group revenue while Leisure & Property segment showed improvement, increasing its contribution to 3%, driven by a gradual recovery in the tourism and hospitality markets. However, the Automobile sector faced challenges, with its revenue contribution remaining low at 0.4%, due to ongoing import restrictions on vehicle imports. This diversified revenue

base underscores the Group's strategic approach to balancing high-growth sectors with more resilient, steady-performing segments, ensuring overall financial stability and continued growth momentum.

PROFITABILITY

Softlogic Group, being predominantly retail-oriented, experienced significant disruptions in its working cycle during the year, which were compounded by external economic challenges. Gross profit for the year declined marginally by 3% to Rs. 33 Bn, with the gross profit margin decreasing from 35% to 33%. The impact of foreign exchange fluctuations, working capital disruptions, tax increments, and inflationary pressures created notable margin pressure during the first half of the year. In particular, the rising costs of imported items intensified the strain, prompting the companies to adopt a cautious approach in addressing the heightened price sensitivity of consumers and ensuring competitive pricing.

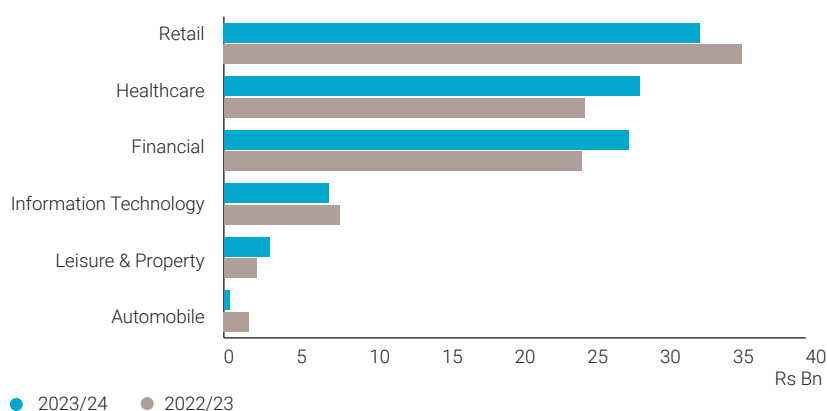
Despite the external challenges, the Group effectively mitigated some of the adverse systemic effects through strategic cost management initiatives, including optimising supply chain operations and enhancing efficiencies across key sectors. As a result, the operating cost base decreased 4% to

Rs. 32.6 Bn. Additionally, a gain of Rs. 1.5 Bn from bargained purchase was recognised following the acquisition of Footwear Retailer (Pvt) Ltd, also known as the Bata Company, during the year. Consolidated EBITDA grew robustly by 29%, reaching Rs. 10 Bn, while operating profit surged to Rs. 3.5 Bn from Rs. 1.9 Bn, resulting in an increase in the operating profit margin from 2% last year to 4% this year.

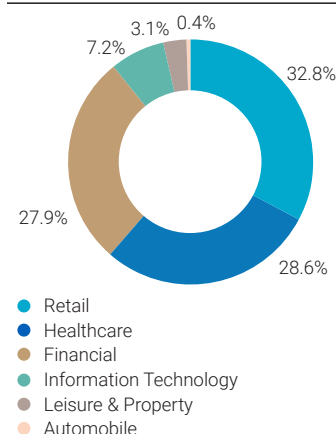
Following the one-off period of hyperinflation in 2022, inflation gradually moderated throughout 2023, as CBSL adopted an easing monetary policy stance. The reduction in policy rates led to a decrease in the Standing Deposit Facility Rate and Standing Lending Facility Rate to 9% and 10%, respectively. This monetary easing, combined with improved clarity on domestic debt restructuring, contributed to a downward trend in market interest rates. As a result, the Average Weighted Prime Lending Rate dropped significantly from 21.40% at the start of the year to 10.69%. This favourable shift in interest rates had a substantial impact on the Group, helping to reduce its net finance costs by 39%, bringing them down to Rs. 12.7 Bn, compared to Rs. 20.9 Bn in the previous year.

During the year, transfer to insurance contract liabilities increased to Rs. 3.5 Bn from Rs. 1.9 Bn from last year.

Sector Revenue



Sector Revenue Contribution



FINANCIAL REVIEW

While a stronger recovery was observed during the year, the Group's performance is expected to improve significantly once the capital raising measures are successfully executed and the funds are utilised to settle Group debt.

FINANCIAL POSITION

Assets and Liabilities

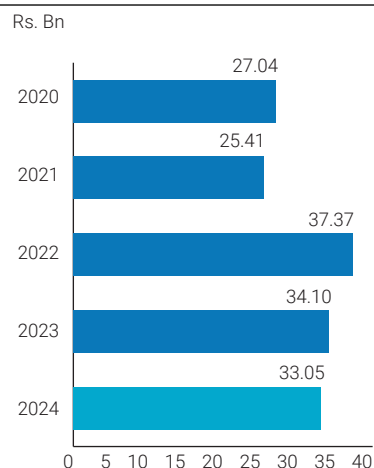
The Group's total assets stood at Rs. 179.2 Bn, compared to Rs. 184.2 Bn last year. Non-current assets declined 1% to Rs. 136 Bn, reflecting the Group's disciplined approach to capital expenditure. Property, plant, and equipment accounted for 34% of the Group's total assets, driven by the substantial infrastructure investments in Asiri Health's hospital chain, extensive retail networks, hotel properties, and the upcoming ODEL Mall. Capital expenditure declined 46% to Rs. 2.2 Bn during the year.

Current assets decreased 8% to Rs. 43.2 Bn due to tighter working capital cycle in force to ensure savings. Consequently, inventories fell 5% to Rs. 8.5 Bn, while debtors & other receivables increased 14% to Rs. 9.5 Bn. Loans and advances at Softlogic Finance declined significantly by 52% to Rs. 3.7 Bn. Total liabilities increased 4% to Rs. 209.4 Bn for the year.

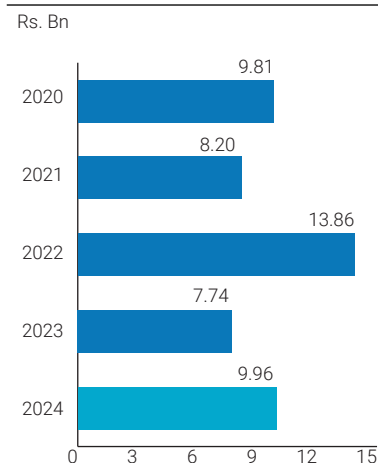
Cashflow

Cash and cash equivalents by the end of the year was Rs. 2.8 Bn in comparison to the Rs. 4.6 Bn recorded last year. Net cash inflows from operating activities was Rs. 6.4 Bn for the year. Net cash outflows from investing activities reached to Rs. 2.8 Bn in comparison to the Rs. 14.4 Bn in the preceding year. A net cash outflow from financing activities of Rs. 5.4 Bn was recorded during the year while Rs. 13.5 Bn was recorded as net cash inflow in the preceding year.

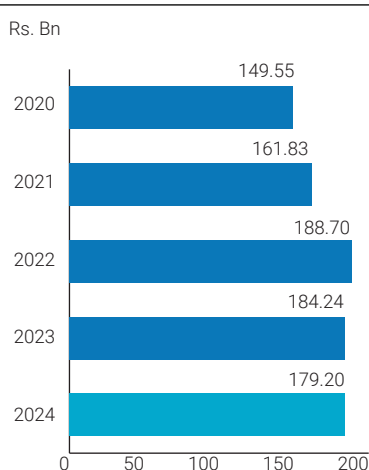
Group Gross Profit



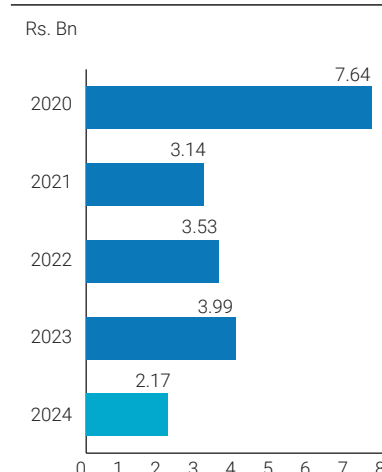
Group EBITDA



Total Assets



Capital Expenditure



OUTLOOK

Sri Lanka's macroeconomic environment is showing promising signs of recovery, with easing inflation, stabilising interest rates and currency, improving tourism, and structural reforms creating a more favourable business climate. These developments are expected to boost investor confidence and potentially lead to credit rating upgrades, enhancing the country's appeal for investment.

Softlogic is strategically positioned to benefit from these positive trends by driving operational efficiency, digital transformation, and targeted investments in high-growth sectors. The improved economic environment will also strengthen the Group's ability to execute its capital-raising initiatives and divestment plans, delivering sustainable value and reinforcing its market leadership.

RETAIL & TELECOMMUNICATIONS



Softlogic's retail sector features a diverse portfolio spanning consumer electronics, mobile handsets, branded apparel, footwear, restaurants, and supermarkets. With 99 stores nationwide, it is a dominant player in electronics and durable goods and a leading distributor of mobile phones, offering brands like Samsung and Nokia. In fashion, Softlogic represents over 50 international labels and exclusive private brands, while its footwear division, as Bata's franchise holder, enjoys wide recognition. The restaurant sector manages six international franchises, and the growing Glomark chain strengthens its supermarket presence. This extensive portfolio reinforces Softlogic's significant role in Sri Lanka's retail industry.



Softlogic's retail sector represents a dynamic and diversified portfolio, positioning the Group as one of Sri Lanka's important players in the industry. Encompassing key segments such as consumer electronics, mobile handsets, branded apparel, footwear, restaurants, and supermarkets, the sector meets a broad spectrum of consumer needs. Softlogic Retail is a dominant presence in the consumer electronics and durable goods market, with an extensive network of 99 stores nationwide. It is also one of the largest distributors of mobile phones in Sri Lanka, offering renowned international brands such as Samsung and Nokia. In fashion retail, Softlogic commands a market-leading position, showcasing a comprehensive selection of over 50 prestigious international labels alongside exclusive private brands. As

the exclusive franchise holder for Bata, Softlogic's footwear division is a trusted name with a wide-reaching presence across the island. The restaurant sector operates six international franchise brands, while Glomark, its expanding supermarket chain, continues to strengthen its footprint across Sri Lanka. This extensive and diversified portfolio spans the entirety of Sri Lanka's retail landscape, addressing diverse consumer preferences and reinforcing Softlogic's leadership in the market. By serving multiple sectors, Softlogic continues to strengthen its position as a dominant force across the full spectrum of retail, offering comprehensive solutions that meet the varied needs of customers nationwide.

SECTOR OVERVIEW

Sri Lanka's retail sector navigated a year of considerable challenges, demonstrating resilience and strategic adaptability in responding to a complex operating environment. The year began with businesses grappling with constrained market conditions, characterised by low disposable incomes, import restrictions, and rising taxes. The VAT increase and changes to income tax rates added further strain on household budgets, forcing consumers to prioritise spending and adopt more price-sensitive behaviour. Additionally, the thriving grey market for consumer durables and electronics created intense competition, putting pressure on compliant businesses to maintain market share. Talent migration further compounded operational challenges,



Rs. 43.8 Bn
Total Assets



Rs. 32.7 Bn
Total Revenue



3,298
Total Employees

RETAIL & TELECOMMUNICATIONS

affecting workforce stability across the industry.

Despite these significant hurdles, a gradual recovery unfolded over the year. The easing of import restrictions in June 2023 provided much-needed relief, enabling businesses to stabilise supply chains and address inventory shortages. The strengthening of the rupee and declining inflation brought some respite, reducing costs and improving consumer purchasing power. Banks' reintroduction of zero-interest credit card lending further bolstered demand for high-value goods, creating a positive ripple effect across the sector.

The sector took deliberate decisions to optimise its retail footprint, strategically selecting locations and rationalising underperforming outlets. These actions, combined with innovative customer engagement initiatives, allowed the sector to sustain its performance despite a challenging market environment. The stabilisation of exchange rates and the normalisation of the working capital cycle toward the year's end further strengthened the sector's operational stability. Additionally, the reduction in market interest rates significantly contributed to the better management of working capital and debt servicing, enhancing financial flexibility. Furthermore, banks played a critical role by restructuring a substantial portion of the sector loans and extending additional working capital lines, thereby further supporting sector continuity. With enhanced in-store experiences and a broadened product range, Softlogic positioned itself to capture shifting consumer preferences, securing continued growth.

Consumer Electronics

For the Consumer Electronics division, the year began under the weight of import restrictions that had significantly

impacted business since 2022. However, the government's decision to ease these restrictions by year end provided substantial relief to the sector. The strengthening of the Rupee further helped reduce import costs, while stabilising inflation, declining interest rates, and the reinstatement of zero-interest credit card lending enhanced consumer purchasing power and drove demand for high-value electronics. These macroeconomic improvements also facilitated better management of working capital, inventory, and debt servicing, contributing to the overall stability of the division. In response to these market dynamics, Softlogic's Consumer Electronics division leveraged its extensive retail network and robust e-commerce platforms to maintain its position despite the downside of other factors. The division continued to focus on delivering a carefully curated selection of globally recognised brands at competitive price points, complemented by superior after-sales service. Strategic marketing campaigns, targeted promotions, and flexible payment plans played a pivotal role in expanding the customer base and reinforcing brand loyalty. With the need to optimise the retail footprint, Softlogic made the strategic decision to close underperforming outlets. This rationalisation allowed for more focused resource allocation, enhancing overall operational efficiency. The Office Automation operations, which focuses on project sales, made a significant contribution to the overall performance of the Consumer Electronics division.

Fashion Apparel

Softlogic's Branded Apparel division maintains a strong position in Sri Lanka's retail fashion sector, leveraging an unmatched portfolio of internationally renowned brands and its own private labels. It offers a curated selection of high-quality fashion

02

Mobile Phone Sales & Service Centres

01

Suzuki Sales & Service Centre

54

fashion outlets

47

Quick Service Restaurants

99

Consumer Electronics stores

14

Supermarkets

Nearly 2,000 Independent Dealers for mobile phone distribution

choices that cater to the diverse tastes of local consumers. Through strategic partnerships with global brands, Softlogic has established a widespread retail presence across key metropolitan cities, integrating physical outlets with an advanced omnichannel strategy that combines in-store shopping with a seamless online experience. This approach allows customers to enjoy convenience, accessibility, and consistency across all platforms.

The division has continued to cater the growing tourist sector, offering tailored shopping experiences for both local and international visitors. During the year, strategic initiatives to boost sales, including seasonal promotions, loyalty promotions, and launch of exclusive collections, continue to attract a wide and loyal customer base.

Softlogic's ongoing investment in flagship retail spaces, along with the development of the ODEL Mall, will further strengthen its foothold in both the local and tourism shopping sectors. During the year, Softlogic expanded its footprint with the opening of several exclusive branded outlets in Colombo's newest shopping mall, Havelock City Mall. Among the prestigious brands featured were Samsonite, ODEL Sports, Aldo alongside an ODEL store, further enhancing the mall's diverse retail offering. This development marks another key milestone in Softlogic's strategy to increase accessibility to top-tier fashion for local consumers and tourists alike.

Additionally, the recent launch of the ODEL Brands Outlet Store, a pioneering retail concept for previous season collections of high-street brands at outlet store prices in Sri Lanka, marks a significant milestone. Spanning 12,000 square feet in Kohuwala, the outlet offers globally acclaimed brands such as Zara, Levi's, Skechers, Adidas,

Mothercare, and New Balance at exclusive outlet store pricing, catering to price-conscious consumers who would still wish to shop high street international brands. This new initiative reflects Softlogic's commitment to expanding its retail offerings and enhancing the shopping experience for a broader customer base. By continually evolving to meet the needs of Sri Lankan consumers and tourists alike, Softlogic remains at the forefront of the country's branded apparel industry, poised for sustained growth and success.

Restaurants

Softlogic's restaurant sector showcased exceptional resilience in navigating Sri Lanka's challenging economic conditions. The sector effectively countered the impacts of inflation, subdued consumer spending, and escalating operational costs through strategic adaptations. These included optimising menu offerings, introducing value-driven meal options, and enhancing delivery services to address evolving consumer preferences. The integration with digital platforms such as Uber Eats and PickMe significantly expanded market reach, enabling the sector to capture a broader customer base and boost revenue streams.

Additionally, the gradual recovery of the tourism industry provided a vital stimulus, driving increased footfall at flagship outlets. A steadfast focus on customer satisfaction, continuous innovation, and strategic pricing ensured the sector's sustained competitive edge in a dynamic market environment.

The performance of the Burger King outlet at Bandaranaike International Airport (BIA) prompted the opening of a Delifrance outlet during the year, which has also achieved positive results since its launch. Five outlets, including Burger King, Popeyes, Baskin Robbins,

Delifrance, and Subway, were opened at Havelock City Mall during the year. Further, the sector expanded into the Northern Province with the opening of Popeyes, Burger King, and Baskin Robbins outlets in Jaffna, reflecting Softlogic's commitment to geographical diversification and its focus on capturing new market opportunities to strengthen its position in the industry.

The restaurant sector's adaptability and strategic growth initiatives position it to capitalise on emerging opportunities and contribute significantly to sector performance.

Telecommunications

The telecommunications segment demonstrated strategic agility in navigating a dynamic and challenging operating environment. The relaxation of import restrictions in the second half of the year released pent-up demand, fueling a surge in demand and allowing the segment to regain momentum. However, the import ban prior to this had led to informal channels dominating the market, resulting in a loss of market share that required significant effort to recover.

The recovery was further tempered by the removal of VAT exemptions and an increase in VAT from 15% to 18% in January 2024, which drove up price points and dampened consumer purchasing power. Rising maintenance costs and operational expenses added further pressure to already constrained margins, intensifying the challenges faced by the segment.

Despite these headwinds, the segment effectively managed the impact of USD appreciation, tight working capital cycles, and increased costs through strategic inventory management and cost optimisation measures. Proactive marketing initiatives and the timely

RETAIL & TELECOMMUNICATIONS

introduction of flagship models from renowned brands like Nokia and Samsung helped the segment align with consumer preferences and rebuild its competitive position in the market.

By addressing regulatory challenges, mitigating cost pressures, and capitalising on renewed demand, the mobile phone segment demonstrated its ability to adapt, innovate, and reestablish growth in a complex and evolving business landscape.

Supermarkets

Softlogic Supermarkets, though relatively young, has quickly carved out a strong market share through strategic adaptability and forward-thinking execution in a challenging economic environment. During the year, in response to shifting consumer needs and inflationary pressures, the business focused on enhancing product offerings, improving operational efficiency, and optimising supply chain processes. Despite rising costs from factors such as fuel price hikes and logistical challenges, Glomark's ability to adjust pricing and manage inventory effectively allowed it to maintain steady growth.

A key driver of growth was the increase in footfall, reflecting the Glomark's continued potential for deeper penetration within key customer segments. Benefits from productivity and cost-efficiency initiatives, along with favourable supplier negotiations, helped support overall performance despite escalating costs, including the upward revision of electricity tariffs. Additionally, the relaxation of import restrictions in the latter half of the year provided relief, stabilising inventory levels and meeting pent-up demand. However, rising VAT rates and ongoing supply chain disruptions continued to put pressure on costs and margins, while labour shortages and increased wage

demands further added to operational costs.

Efforts to offer more value and a broader range of products through extended-format outlets helped ensure a higher proportion of consumer spend remained within the Softlogic network. Targeted promotional campaigns, along with the introduction of locally sourced goods, the continuation of the 'Softlogic One' loyalty programme, and attractive bank card offers, contributed to an increase in customer loyalty and retention. These initiatives not only enhanced the overall customer experience but also provided added value, fostering deeper customer engagement and encouraging continued patronage.

Overall, the supermarket business's ability to successfully navigate market complexities, drive footfall, proactively manage challenges, and capture a significant market share highlights its commitment to growth and long-term sustainability, despite its relatively young presence in the industry and limited working capital.

SECTOR PERFORMANCE

ODEL Group reported a revenue of Rs. 7.3 Bn for the year, compared with Rs. 8.3 Bn last year, reflecting a decline in top-line performance. Gross profit fell by 19% to Rs. 3.8 Bn, driven by margin pressures, with the gross profit margin contracting by 5% to 53%. Notably, this marks the first gross profit margin decline in five years. Administrative costs increased 33% to Rs. 5 Bn, largely due to a Rs. 767 Mn impairment loss recognised on the investment in ODEL Properties One (Pvt) Ltd. Meanwhile, finance costs decreased 17% to Rs. 2.8 Bn, providing some relief to the bottom line.

The sector topline, which includes ODEL group, Consumer Electronics, Telecommunications, Restaurants, and Supermarkets, declined 8% to Rs. 32.7 Bn during the year, reflecting the impact of broader market challenges. However, sector finance costs saw a significant 29% reduction to Rs. 10.6 Bn, driven by declining market interest rates. Although the sector closed the year with a loss of Rs. 13.9 Bn, there is confidence in its recovery with the implementation of strategic initiatives and an improving operating environment.

SECTOR OUTLOOK

The retail industry is set to experience steady growth, driven by innovation, evolving consumer preferences, and technological advancements across telecommunications, consumer electronics, branded apparel, restaurants, and supermarkets. As demand for connectivity, smart devices, sustainable fashion, and convenient dining experiences rises, retailers are adapting by enhancing product offerings, optimising supply chains, and leveraging digital platforms. With the ongoing normalisation of the economy, there is optimism for more stable conditions that will support growth despite strong competition.

Softlogic's retail sector has experienced rapid expansion largely funded by debt, leading to increased financial pressures. To ensure long-term sustainability and growth, Softlogic is looking at options to reduce debt, optimise its capital structure, and strengthen its financial position, ensuring resilience in a competitive market which is undermined by its compromised equity erosion. Softlogic is committed to navigating these challenges with agility, driving innovation, and fostering sustained growth.

HEALTHCARE SERVICES



Asiri Health is Sri Lanka's leading private healthcare provider, operating seven hospitals with over 800 beds across Colombo, Galle, Matara, and Kandy. It offers advanced medical services, including diagnostics, critical care, and specialised surgeries. The sector also includes Asiri Laboratories, a market leader in medical diagnostics with an extensive network of labs and collection centers. Expanding into medical tourism, Asiri Health is developing a 500-bed hospital in Colombo Port City, targeting regional markets. By integrating state-of-the-art technology with a patient-centered approach, Asiri Health continues to set industry standards and shape the future of healthcare in the region.



Softlogic's healthcare sector is a leading pillar of its diversified portfolio, cementing the Group's position as Sri Lanka's premier private healthcare provider. This dynamic sector spans state-of-the-art hospitals, diagnostic services, and specialised healthcare facilities, addressing the evolving needs of patients with a commitment to excellence. Asiri Health operates seven hospitals with a combined capacity of over 800 beds, providing advanced medical services, including diagnostics, critical care, and specialised surgical procedures. The sector also includes Asiri Laboratories, Sri Lanka's market leader in private medical diagnostics for over 40 years, with a network of six fully-fledged labs, 17 peripheral labs, and almost 100 collection centers. Asiri Health's expansions in Matara, Galle and Kandy, solidifies its leadership beyond

Colombo. It is also venturing into medical tourism with the development of a 500-bed hospital in Colombo Port City, targeting regional markets with world-class facilities. By integrating advanced technology, comprehensive services, and a patient-centric approach, Asiri Health strengthens its position as a dominant force in Sri Lanka's private healthcare landscape while shaping the future of regional healthcare excellence.

SECTOR OVERVIEW

The private healthcare sector demonstrated resilience throughout the year, adapting to economic and demographic shifts while continuing to play a crucial role in supplementing the public healthcare system. Non-communicable diseases (NCDs), responsible for over 75% of national

mortality, have increased demand for advanced diagnostic and treatment services, with private providers often better equipped to meet these needs. Furthermore, the country's ageing population, projected to reach 25% by 2041, has heightened the need for specialised healthcare services, particularly in areas such as chronic disease management and geriatric care. These trends underscore the sector's importance in addressing the complex, evolving healthcare requirements of the population.

Despite challenges from inflation and reduced affordability, the private sector has shown growth potential, particularly in urban areas and through medical tourism. Investments in infrastructure, such as hospital expansions and cutting-edge medical technologies,



Rs. 51.8 Bn
Total Assets



Rs. 28.6 Bn
Total Revenue



5,363
Total Employees

HEALTHCARE SERVICES

have bolstered its ability to compete regionally. However, regulatory gaps and economic pressures continue to pose hurdles, prompting ongoing efforts to streamline operations and integrate private providers into the national healthcare framework. As the country navigates these challenges, the private healthcare sector remains a cornerstone in delivering quality healthcare solutions, underscoring its pivotal role in the nation's healthcare landscape.

Reflecting broader trends in the private healthcare sector, Asiri Health achieved exceptional results across its network of hospitals during the year. Outpatient footfall surpassed pre-pandemic levels, and there were notable increases in inpatient admissions and average occupancy rates, reinforcing the public's trust in the Asiri brand. Additionally, the resurgence of elective surgeries, after nearly three years of pent-up demand, highlighted Asiri Health's readiness and capability in meeting the evolving healthcare needs of the population.

Asiri Health's continued leadership in the private healthcare industry can be attributed to its patient-centric approach, highly skilled medical teams, and advanced facilities. It has played a vital role in enhancing healthcare accessibility and quality, all while staying aligned with broader industry developments. This positioning strengthens Asiri Health's role as a cornerstone in addressing Sri Lanka's most pressing healthcare challenges.

In FY24, Asiri Health also accelerated its digital transformation initiatives, further enhancing the patient experience and streamlining internal operations. Significant strides were made in automating and simplifying processes across departments. The implementation of the Digital Discharge Workflow Monitoring System improved discharge efficiency, while

the automation of the theatre booking process optimised scheduling and reduced waiting times. Additionally, the automation of workflows in key areas such as Radiology units and OPD pharmacies contributed to improved operational efficiency. A new online drug ordering system was also introduced, significantly enhancing internal operations by improving accuracy, reducing administrative burdens, and speeding up medication fulfillment.

Asiri Medical Hospital

Asiri Medical Hospital (AMH) achieved significant milestones during the year, reinforcing its commitment to providing high-quality, patient-centered care across a range of specialties. A standout achievement was the exceptional performance of the Asiri Nova IVF & Fertility Unit, which has become a beacon of hope for couples seeking to fulfill their dreams of parenthood. In just over two years of operation, the unit has achieved a 65% success rate in pregnancies and an impressive 90% birth rate. These outcomes reflect AMH's unwavering commitment to utilising cutting-edge technologies and evidence-based practices in supporting individuals and couples through their fertility journeys.

In addition to its advancements in fertility care, AMH further enhanced its service offerings with the introduction of two specialised paediatric units: Paediatric Nephrology and Paediatric Psychology. These units are dedicated to delivering personalised care plans aimed at achieving the best possible outcomes for young patients, within a supportive and compassionate environment. This expansion complements AMH's holistic approach to maternal care, as the hospital strengthened its Mother and Baby Programme, ensuring seamless, expert care for mothers and babies

7

State-of-the-art hospitals

800+

bed strength

800+

consultants

3.5+ Mn

patients served

4,250

tests offered

14,000+

tests per day

JCIA and ACHSI

Re-accreditation

from pregnancy through childbirth and beyond.

Further underscoring AMH's commitment to advanced reproductive healthcare, the hospital deepened its investment in cutting-edge reproductive technology with the acquisition of the EmbryoScope™—a state-of-the-art IVF incubator. The EmbryoScope™ provides high-resolution time-lapse images, offering invaluable insights into embryogenesis and improving the success rates and outcomes of IVF treatments. This technology enhances the hospital's ability to provide timely interventions throughout the reproductive cycle, ensuring that patients receive the highest level of care.

Asiri Surgical Hospital

Asiri Surgical Hospital (ASH) is recognised as Sri Lanka's foremost private surgical facility in the country. Continuing to break new ground in medical technology, patient care, and healthcare service delivery, ASH successfully carried out Transcatheter Aortic Valve Implantation (TAVI) procedures for aortic valve replacement, a groundbreaking achievement in Sri Lanka's medical field. Three TAVI heart procedures were completed with remarkable success, and all patients experienced swift recoveries, showcasing the transformative power of the procedure and the exceptionally skilled medical team.

Furthering its commitment to cutting-edge healthcare, ASH began preparations to launch Sri Lanka's first liver transplant programme. This initiative complements Asiri Health's growing Kidney Transplant Programme, which has already been strengthened to offer a broader range of specialised services, from dedicated clinics to complex transplant procedures,

ensuring comprehensive care for its patients.

ASH has also been expanding its specialised surgical services with new services, including ENT and Spine Surgery, aimed at providing advanced surgical options for complex health concerns. In addition, specialised clinics were extended to include services for conditions such as back pain, scoliosis, cosmetic gynaecology, and erectile dysfunction.

In parallel, ASH made strides in improving its Cardiac Services by introducing new preventive and rehabilitation clinics, offering comprehensive care throughout the cardiac care journey. These new initiatives are designed to set a higher standard for cardiac health services in Sri Lanka, ensuring that patients receive exceptional care at every stage of their recovery and treatment.

Moreover, the Asiri AOI Cancer Centre, which has rapidly become the top choice for cancer treatment in Sri Lanka, recorded a substantial 17% increase in patient numbers this year. Since its launch, Asiri AOI has performed more than 12,000 radiation treatments annually using the country's most advanced linear accelerator, providing the highest precision in cancer treatment. As the only private healthcare facility in Sri Lanka to offer a PET scan, it has performed over 1,200 scans in the past year, playing a critical role in early cancer detection and improving treatment strategies.

Another of the year's achievements is the plan to introduce a Lifestyle Medicine Centre, which will mark a pioneering shift in the local healthcare landscape. This unit will focus on a multidisciplinary approach, combining nutrition, physical activity, stress management, sleep hygiene, and

behavioural modifications, aiming not only to treat but to prevent and even reverse chronic illnesses. Through this innovative initiative, Asiri Health is taking a crucial step towards promoting sustainable, healthy lifestyle changes in our community.

Through these ongoing advancements, ASH remains committed to maintaining its leadership in medical innovation and patient-centered care, continuously setting new standards in the Sri Lankan healthcare industry.

Asiri Central Hospital

Asiri Central Hospital (ACH), the Group's flagship facility, further solidified its position as the leading private sector hospital in Sri Lanka. This year, ACH made notable strides in expanding its neurological services by investing in a cutting-edge neuronavigation system, enabling the hospital to cater to a broader patient base with enhanced precision and expertise.

In a milestone achievement, Sri Lanka's first Bone Marrow Transplant (BMT) Centre, located at ACH, celebrated its 10th anniversary. Over the past decade, the Centre has become the undisputed leader in treating blood disorders, particularly certain types of blood cancers, with over 90 successful bone marrow transplants performed to date. Accredited by the Postgraduate Institute of Medicine, University of Colombo, the BMT Unit also serves as a training facility for postgraduate trainees in Clinical Haematology. A special event was held this year to honour patients who have benefited from these life-saving procedures.

Additionally, ACH launched the 'Asiri Home Nursing Service', a dedicated unit designed to provide comprehensive inpatient and outpatient care. The service caters primarily to elderly

HEALTHCARE SERVICES

patients, individuals with chronic illnesses, and those recovering from surgeries, offering personalised care in the comfort of their own homes. This initiative ensures continuity of care, particularly for patients with long-term medical needs.

These accomplishments reflect ACH's unwavering dedication to pioneering healthcare solutions, expanding specialised services, and maintaining its leadership role in Sri Lanka's healthcare sector.

Asiri Hospital Kandy

Asiri Hospital Kandy (AHK) continues to establish itself as a leader in healthcare in the Central Province. The hospital recently introduced a new ENT (Ear, Nose, and Throat) department, expanding its outpatient and surgical services. AHK also began offering minimally invasive cardiac bypass procedures, with around 15 successful surgeries performed to date.

In a significant first for the region, AHK is now the only private hospital in the Central Province to provide lung thoracic surgeries, treating lung conditions related to cancer, trauma, and pulmonary diseases. Additionally, the hospital's kidney transplant programme remains a cornerstone of its success, along with neurosurgery services, which are also unique in the region.

Looking ahead, AHK is preparing to launch a cochlear transplant programme by the end of 2024, marking another milestone in the hospital's expansion of specialised services and improving access to advanced healthcare in the Central Province.

Asiri Hospital Galle

Asiri Hospital Galle (AHG) continues to enhance its medical services to meet the growing healthcare

needs of the Southern region. The hospital recently launched a state-of-the-art Dialysis Unit for patients suffering from chronic kidney disease, alongside the introduction of the first specialist Wound Care Clinic in the region, dedicated to treating chronic diabetic and vascular wounds. AHG's neurosurgical programme also remains in high demand, further establishing the hospital's reputation for providing comprehensive care.

In another significant achievement, AHG became the first hospital in Sri Lanka to perform Endoscopic Endonasal Surgery—a cutting-edge, minimally invasive procedure that targets highly sensitive areas at the base of the brain and spinal column. Looking to the future, the hospital is awaiting regulatory approval to begin its renal transplant programme, which will further expand its ability to provide advanced medical treatments in the Southern region.

Asiri Hospital Matara

Asiri Hospital Matara (AHM) faced challenges this year due to a shortage of consultants, caused by public sector transfers and migration. These staffing gaps impacted the hospital's ability to offer its full range of specialised services. Despite this, AHM remained committed to providing high-quality healthcare, adjusting operations to ensure essential care continued uninterrupted. Efforts to recruit additional professionals are underway to restore full capacity and ensure consistent service delivery to the community.

AHM having embarked on an ambitious expansion plan to increase room capacity opened a new wing, featuring deluxe and super deluxe rooms, to enhance patient comfort and care. Additionally, plans are in progress to bolster the hospital's cardiology

services, with a cardiac catheterization laboratory set to be commissioned by the end of 2024, further strengthening AHM's ability to offer comprehensive healthcare services to the Southern region.

Asiri Laboratories

Asiri Laboratories marked a significant milestone in 2024, celebrating its 40th anniversary. Over the past four decades, the laboratories have become an integral part of the Asiri Group, steadily expanding its footprint across Sri Lanka. This year, the laboratory network grew with the addition of 9 new branches, ensuring broader access to advanced diagnostic services for communities across the island.

In parallel, the laboratory's test offerings have been expanded, with the introduction of eight new diagnostic tests. This initiative underscores Asiri Laboratories' commitment to enhancing healthcare accessibility and maintaining its position as a leader in medical diagnostics. Through these efforts, it continues to set the standard for excellence, ensuring patients receive accurate, reliable, and timely results, reinforcing its reputation as a trusted healthcare partner.

Asiri Academy of Health Sciences

In line with its commitment to addressing the growing need for skilled healthcare professionals, both locally and internationally, Asiri Group launched the Asiri Academy of Health Sciences (AAHS) in September 2023. The academy is poised to become a key platform for Sri Lankan youth, offering a range of globally recognised healthcare education pathways to meet the rising demand for competent and highly trained healthcare practitioners.

AAHS' first significant collaboration is with the Malaysian campus of the

University of Wollongong, Australia, through which it offers a Foundation in Health Sciences programme. Additionally, the academy is expanding its offerings by partnering with leading international educational institutions. Planned programmes include a Nursing Top-Up Degree, a Degree in Psychology, an MBA in Health Administration from the UK, and an MBA in Nursing from the Netherlands.

As part of its vision to broaden access to quality education, AAHS is also exploring avenues for international students, including a Nursing, Medical Laboratory Technology, and Phlebotomy programme in collaboration with MI College in the Maldives. The academy's main campus will be relocating to a purpose-built facility in Colombo, with further expansion plans including the opening of a campus in Galle later in the year.

These strategic initiatives reflect AAHS' commitment to expanding access to world-class healthcare education, positioning it as a leader in developing future healthcare leaders across Sri Lanka and beyond.

SECTOR PERFORMANCE

Healthcare Services achieved a revenue growth of 15% to Rs. 28.6 Bn during the year, demonstrating the sector's resilience and ability to adapt to changing market dynamics. Sector EBITDA grew 8% to Rs. 8.2 Bn, while finance costs declined significantly by 30% to Rs. 3.6 Bn, compared with Rs. 5.2 Bn in the previous year. Finance income was Rs. 1.7 Bn, down from Rs. 2.5 Bn last year. Sector profitability surged 83% to Rs. 3.1 Bn.

These results were driven by increasing footfall across all hospitals, with OPD numbers surpassing pre-pandemic levels. In-patient admissions and

average occupancy rates also registered notable improvements, reflecting a steady recovery in demand for healthcare services. Additionally, the resurgence in elective surgeries, following a lapse of nearly three years, contributed to the sector's strong performance. These outcomes underscore the sector's focus on operational excellence and its ability to meet evolving patient needs effectively.

SECTOR OUTLOOK

Asiri Health's trajectory to date has been dynamic, positioning it well for continued growth and expansion. As Sri Lanka's premier private healthcare provider, the 'Asiri Health' brand is set to seize significant opportunities for further expansion in the coming years. By continuing to lead in adopting global advancements in medical technology and healthcare practices, Asiri Health will continue to offer innovative solutions that meet the evolving healthcare needs of patients across Sri Lanka.

The Asiri Port City Project plans to tap into the burgeoning medical tourism sector. This ambitious initiative is expected to enhance Sri Lanka's status as a destination for high-quality healthcare, attracting international patients and fostering the development of specialised medical services.

As Asiri Health continues its path of growth and innovation, it is set to play a pivotal role in transforming healthcare across Sri Lanka, leveraging state-of-the-art technology and expanding its reach to meet future demand.

FINANCIAL SERVICES

Softlogic Capital PLC is the holding company of the financial services sector, and its investments consists of Softlogic Life Insurance PLC, Softlogic Finance PLC, Softlogic Stockbrokers and Softlogic Asset Management



Softlogic's financial services sector encompasses Softlogic Capital, Softlogic Life Insurance, Softlogic Finance, Softlogic Stockbrokers, and Softlogic Asset Management. Softlogic Life Insurance, Sri Lanka's second-largest life insurer, serves over 1.5 Mn clients with a wide range of innovative insurance products. Softlogic Finance offers leasing, loans, and deposit products, catering to both individuals and businesses. Softlogic Stockbrokers provides comprehensive brokerage services, known for its market insights and personalised client support. Softlogic Asset Management delivers expert investment solutions and financial products, focusing on strategic portfolio management. Through these entities, Softlogic continues to reinforce its influence in Sri Lanka's financial services sector, offering diverse, customer-centric solutions across

insurance, finance, stockbroking, and asset management.

SECTOR OVERVIEW

The financial services sector in Sri Lanka faced a challenging yet resilient environment in during the year, impacted by economic instability, inflationary pressures, and political uncertainty. High inflation at the beginning of the year combined with a high interest rate environment suppressed domestic consumption, dampening the demand for financial products. However, with the Central Bank of Sri Lanka (CBSL) implementing measures such as controlling policy rates to curb inflation and stabilise the currency, inflation showed notable stabilisation towards the latter part of the year. This shift signalled a gradual improvement in economic conditions, creating a favourable environment

for financial products and lending dynamics.

In the insurance industry, total GWP grew 9.1% to Rs. 274 Bn for 2023, with life insurance GWP contributing Rs. 153 Bn. However, rising claims, particularly in motor and health insurance, impacted the non-life segment. Digitalisation helped insurers streamline operations, and regulatory reforms like the Insurance Industry Development Framework pushed for stronger capitalisation. Total industry assets reached Rs. 1,099 Bn by FY24.

In the capital markets, the Colombo Stock Exchange (CSE) saw a period of volatility with trading turnover decreasing by 25% to Rs. 375 Bn. However, the All Share Price Index (ASPI) experienced a notable 23% rise, particularly towards the end of the year.



Rs. 67 Bn
Total Assets



Rs. 27.8 Bn
Total Revenue



1,273
Total Employees

This uptick was largely attributed to improved investor confidence driven by fiscal reforms and currency stabilisation measures.

Overall, CBSL's monetary policies to manage inflation, exchange rate volatility, and high interest rates significantly impacted lending and investment activities. Private sector credit growth was 10% in 2023 with total lending reaching Rs. 1.2 trillion, up from Rs. 1.09 trillion in 2022.

Softlogic Capital PLC

The holding company of the financial services sector continued to support the operations of its subsidiaries. Total operating income increased to Rs. 36.7 Bn from Rs. 32.7 Bn in the previous year. A fair value loss of Rs. 5.5 Bn on investments in Softlogic Finance PLC contributed to a net loss of Rs. 4 Bn for the year. Total assets declined to Rs. 65.8 Bn from Rs. 74 Bn in the previous year, primarily due to a reduction in the customer deposit portfolio of the finance company.

Softlogic Life Insurance PLC

Softlogic Life Insurance achieved another strong performance during the year, reporting Gross Written Premiums of Rs. 23.8 Bn for the period ended December 2023, reflecting a 17% growth. Profitability increased 6% to Rs. 2.8 Bn. The company's total assets stood at Rs. 51.3 Bn, with equity at Rs. 13.3 Bn. During the year, Softlogic Life paid Rs. 10.2 Bn in protection claims, providing coverage to over 1.5 Mn lives, making it the largest player in the industry based on these metrics. The company holds a 17% market share in the Life Insurance sector and approximately 35% in the Health Insurance segment.

Softlogic Finance PLC

Softlogic Finance navigated a challenging year and took decisive steps to stabilise its operations during the year.

The Licensed Finance Companies (LFCs) saw a significant rise in Non-Performing Loans (NPLs) during the year. In response, Softlogic's finance arm implemented a capital augmentation process, including a Rights Issue and capital infusion, to comply with CBSL's regulatory standards and enhance stability. These measures, alongside the offloading of distressed portfolios aim to position the company for future growth as market conditions stabilise.

The company ended the year with total assets of Rs. 11.3 Bn, having implemented a strategic plan to streamline operations. This included reducing its branch network, cutting down on expenses, and focusing on recovering past-due loans and advances. Customer deposits stood at Rs. 7.5 Bn.

Despite facing challenges, the company posted a reduced loss of Rs. 1.8 Bn, a marked improvement from the Rs. 3 Bn loss in the previous year. This improvement was driven by a significant reduction in impairment charges, which reduced to Rs. 644 Mn from Rs. 1.8 Bn the previous year. These efforts reflect Softlogic Finance's commitment to restoring stability and strengthening its financial position.

Softlogic Stockbrokers

Softlogic Stockbrokers benefitted from the gradual recovery in investor sentiment, driven by an improving economic outlook. This recovery resulted in higher market activity, increased liquidity, and boosted

trading volumes, all of which positively impacted the company's performance. As market conditions evolved, Softlogic Stockbrokers continued to offer personalised investment solutions, enabling clients to capitalise on trading opportunities. Its services, including equity trading, research, and advisory, provided investors with the tools to navigate market fluctuations and make informed decisions.

Softlogic Asset Management

Softlogic Asset Management, a key player in the capital market space, capitalised on the growing recovery in investor sentiment. As one of Sri Lanka's top 5 fund management entities, it manages assets exceeding Rs. 40 Bn and a portfolio with one of the highest numbers of investors among Unit Trusts. These results highlight our expertise in creating value through Group synergies, innovative strategies, and a commitment to delivering strong returns for our clients.

SECTOR PERFORMANCE

Softlogic Life reported a Gross Written Premium (GWP) of Rs. 25 Bn, marking a 22% increase compared with Rs. 20.4 Bn in the previous year. Profit After Tax (PAT) of Softlogic Life stood at Rs. 3.2 Bn, which includes a one-off impairment provision for financial investments. The company's Capital Adequacy Ratio (CAR) is 332%, well above the regulatory requirement of 120%.

Softlogic Finance recorded a decrease of 34% in total interest income to Rs. 2.6 Bn during the year. This decrease was primarily due to a significant reduction in both gold loan and leasing income. The regulatory caps imposed by CBSL on company's lending, deposits and commercial papers products affected performance. The regulatory caps were

FINANCIAL SERVICES

imposed due to the company's inability to meet the CAR requirements during the year. This also resulted in decrease in deposit base during the year. The strategy is to focus on effectively managing lending activities to optimise returns subject to regulatory clearance.

Sector topline increased 13% to Rs. 27.8 Bn during the year. Profitability saw a significant turnaround, with the sector closing the year with a profit of Rs. 34 Mn, in contrast to the substantial loss of Rs. 3.5 Bn recorded last year.

SECTOR OUTLOOK

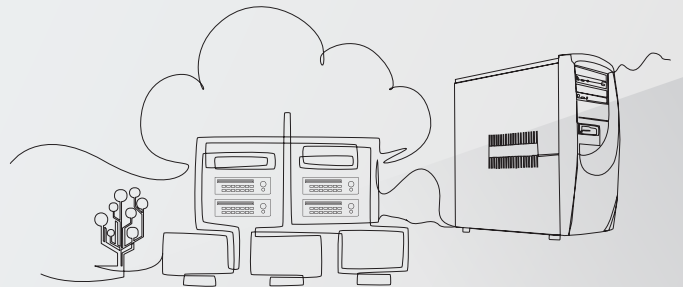
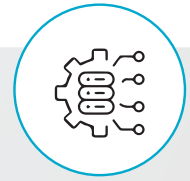
Softlogic's financial services sector is well-positioned to capitalise on the improving economic outlook. With a diversified portfolio spanning asset management, stockbroking, insurance, and financial products, the sector continues to deliver strong value and growth opportunities to its clients. Demonstrating a steadfast commitment to innovation, Softlogic has introduced

enhanced digital platforms to elevate customer engagement and operational efficiency. These strategic investments in technology and talent have fortified its competitive position in a rapidly evolving market.

As the Sri Lankan economy embarks on a gradual recovery, Softlogic's financial services sector remains cautiously optimistic. Its strategic priorities include consolidating business opportunities, optimising operations, and exploring new growth avenues. Supported by a clear roadmap, a robust governance framework, and a dedicated team, the sector is well-prepared to navigate uncertainties while driving financial inclusion and contributing to the long-term growth and resilience of the financial services industry.

INFORMATION TECHNOLOGY & OTHERS

Softlogic's IT sector is a key player in Sri Lanka's technology landscape, delivering a broad array of products and services to both private and public sectors. With strategic partnerships with leading global brands like Dell EMC, Lenovo, HP, Epson, and others, Softlogic offers cutting-edge IT solutions, including infrastructure, point-of-sale systems, smart devices, and technical support, reinforcing its position in the digital economy.



Softlogic's Information Technology (IT) sector remains a leader in Sri Lanka's technology landscape, offering diverse products and services that cater to both private and public sector needs. The sector is known for its strategic partnerships with global tech franchises such as Dell EMC, Lenovo, HP, Epson, Plus, Zebra, Honeywell, Riello, and many others. These alliances enable Softlogic to provide state-of-the-art IT solutions, including IT infrastructure, point-of-sale systems, smart devices, and comprehensive technical support, ensuring its continued dominance in Sri Lanka's evolving digital economy.

SECTOR OVERVIEW

The IT industry in Sri Lanka showcased resilience and adaptability during the year, capitalising on its position as

one of the country's fastest-growing industries. Despite global economic uncertainties and domestic challenges, the industry continued to expand, contributing significantly to export earnings. The industry's focus on innovation, cost-effective solutions, and skilled talent enabled it to maintain its competitive edge in international markets, particularly in software development, business process outsourcing (BPO), and knowledge process outsourcing (KPO) services. Major players in the industry benefited from increased demand for digital transformation across various sectors globally, driven by the post-pandemic acceleration of technology adoption.

Sri Lanka's IT sector was also bolstered by government initiatives aimed at promoting a digital economy.

Programmes encouraging tech startups and small-to-medium enterprises (SMEs) gained traction, fostering a culture of entrepreneurship and innovation. Investments in IT infrastructure and education, such as the development of technology parks and enhanced curricula in computer science and engineering disciplines, further supported the industry's growth.

Softlogic's IT sector mirrored this robust performance, leveraging its expertise in IT infrastructure management, enterprise solutions, and technology distribution to clients including the private and public sector. By aligning with global trends in digital transformation and enhancing operational efficiency across its verticals, Softlogic's IT sector



Rs. 5 Bn
Total Assets



Rs. 7.2 Bn
Total Revenue



841
Total Employees

INFORMATION TECHNOLOGY & OTHERS

contributed to the Group's overall performance.

With government initiatives encouraging digital adoption and investments in IT infrastructure, Sri Lanka's IT sector is poised for continued growth. However, challenges such as brain drain, currency volatility, and the need for regulatory reforms persist. Softlogic remains committed to addressing these challenges by investing in talent development and driving technological advancements that reinforce the sector's contribution to both the Group and the nation's economy.

Softlogic Information Technologies

During the year, Softlogic Information Technologies continued to build on its reputation as a leading provider of IT solutions in Sri Lanka, despite facing challenges stemming from economic uncertainties. While many companies in the private sector reduced their IT spending due to financial constraints, Softlogic managed to thrive by leveraging its longstanding partnerships with global franchises and maintaining its focus on delivering high-value, scalable solutions.

The company provided a range of solutions, including end-user devices, smart infrastructure, and data center management, helping organisations modernise their IT infrastructure. Despite market challenges, Softlogic's established partnerships with global tech brands, such as Dell EMC, Lenovo and HP, enabled it to deliver reliable and innovative solutions that meet the evolving needs of its clients.

The introduction of the Sprint Tech Team further strengthened Softlogic Information Technologies' position in the market, enabling it to deliver

agile, responsive services that aligned with the evolving needs of businesses navigating the digital economy.

Softlogic Computers

During the year, Softlogic Computers continued to strengthen its position as a key distributor of a wide range of point-of-sale and banking products. As the authorised distributor for global brands like Epson, Plus, Zebra, and Honeywell, the company provided critical solutions, including receipt printers, barcode scanners, passbook printers, and currency counters. Despite market challenges, Softlogic Computers maintained its core strength in offering comprehensive technical support and services through its network of around 70 solution providers and resellers. This strategic network enabled the company to successfully navigate the economic environment while continuing to meet client demands for advanced IT solutions.

Softlogic BPO Services

During the year, Softlogic BPO Services continued to support the IT operations of Softlogic Group, focusing on key areas such as IT infrastructure management, helpdesk support, and business process solutions. The company ensured seamless business operations by effectively maintaining infrastructure and providing prompt assistance to internal users. Furthermore, Softlogic BPO Services continued to extend select IT services to a niche external clientele, enhancing its reputation and value proposition.

SECTOR PERFORMANCE

The sector's revenue for the year was Rs. 7.2 Bn, compared with Rs. 7.9 Bn in the previous year. Operating profit stood

at Rs. 624 Mn. Finance costs were significantly reduced, more than halving to Rs. 406 Mn, compared to Rs. 1 Bn last year. The sector closed the year with a profit of Rs. 433 Mn.

SECTOR OUTLOOK

Sri Lanka's IT Industry holds significant growth potential, driven by increasing demand for digital transformation across industries. The government's push towards a digital economy, coupled with a rise in e-commerce, cloud computing, and automation, is expected to drive the sector forward. Businesses are investing in smarter infrastructure, cybersecurity, and digital solutions, creating a thriving market for technology providers.

Softlogic's IT sector has capitalised on the country's growing digital economy by leveraging strategic partnerships with global brands and a comprehensive range of solutions. Its extensive technical support, along with a well-established dealer network, has enabled it to meet the evolving demands of both public and private sectors. By focusing on high-quality, scalable solutions, Softlogic continues to strengthen its position as a key player in Sri Lanka's expanding IT landscape, contributing to the sector's ongoing digital transformation efforts.

LEISURE AND PROPERTY

Key assets in Softlogic's leisure and property sector include the NH Collection Colombo and NH Bentota Ceysands Resort, both managed by Minor Hotels. The company also provides premium travel services through Softlogic Destination Management and Sabre Travel Network Lanka. In real estate, landmark projects such as Everest Apartment and the ODEL Mall development highlight Softlogic's focus on innovative urban solutions.



Softlogic's leisure and property sector highlights its active presence in Sri Lanka's hospitality and real estate landscape. Key assets include NH Collection Colombo, a five-star city hotel with 219 rooms, and NH Bentota Ceysands Resort, a 4-star resort; both managed by the Minor Hotels Group. Complementing this are Softlogic Destination Management and Sabre Travel Network Lanka, providing premium travel services. In the property sector, landmark projects like the Everest Apartment and the development of ODEL Mall, reflect Softlogic's focus on innovative and transformative urban solutions.

SECTOR OVERVIEW

The hotel industry displayed robust recovery in FY24, driven by increased tourist arrivals as economic conditions stabilized and post-COVID global

travel sentiment improved. Key markets like India, the UK, and Europe played pivotal roles, with Sri Lanka's natural beauty, cultural heritage, and wellness offerings continuing to attract visitors. Government efforts, including participation in international travel fairs and collaborations with influencers, bolstered Sri Lanka's appeal, culminating in a tourist arrivals of 1,787,408 for the financial year, compared to 770,323 tourist arrivals reported in FY23.

Hotels and resorts experienced improved occupancy rates, with luxury properties outperforming due to demand from high-net-worth travellers. Revenue per available room (RevPAR) increased, driven by higher average daily rates (ADR) and better yield management practices. Emerging trends such as eco-tourism, wellness tourism, and experiential travel have

further shaped the sector. However, challenges persist, including rising operational costs due to inflation and fuel price fluctuations, as well as competition from regional destinations like the Maldives and Thailand. Despite these hurdles, the sector's medium-term outlook remains optimistic, helped by foreign investments, strategic partnerships with global hotel chains, and a focus on attracting high-value tourists.

The property industry experienced subdued growth due to inflation, high interest rates, and escalating construction costs. Residential real estate showed stable demand for affordable housing, but the luxury segment faced oversupply. Commercial spaces rebounded slightly as businesses resumed office operations, while industrial properties gained



Rs. 25.3 Bn
Total Assets



Rs. 3.1 Bn
Total Revenue



557
Total Employees

LEISURE AND PROPERTY

traction due to the rise of e-commerce. Large-scale projects like Colombo Port City symbolise long-term growth potential, with sustainability-focused developments gaining attention.

Softlogic City Hotels

NH Collection Colombo, demonstrated a strong performance rebound, buoyed by the resurgence of tourism and increased international arrivals to Sri Lanka. The hotel's occupancy levels showed significant improvement, supported by targeted marketing efforts and a renewed focus on delivering exceptional guest experiences. Revenue per available room (RevPAR) and average room rates (ARR) also saw steady growth, reflecting the hotel's ability to attract both leisure and business travellers in a competitive market. The management of the hotel was transitioned to Minor Hotels Group, leading to the rebranding of Mövenpick Colombo to NH Collection Colombo. This change introduced globally recognised operational standards and an enhanced guest experience, aligning the hotel with the premium NH Collection brand's international presence. The shift in management, coupled with Colombo's tourism recovery, has positioned the hotel for long-term success, capitalising on the growing demand for high-quality hospitality in the region.

Ceysand Resorts

NH Bentota Ceysands Resort, following its rebranding and management transition to Minor Hotels Group, showcased strong performance in FY24, benefiting from Sri Lanka's tourism rebound. Its prime beachfront location and reputation as a sought-after leisure destination drove higher occupancy and revenue, fuelled by a growing demand for coastal escapes among both domestic and international visitors. The integration of Minor's operational expertise and global standards is anticipated to further enhance the resort's market position,

solidifying its status as a key contributor to Sri Lanka's hospitality and Group's leisure portfolio.

Softlogic Properties

Softlogic Properties' luxury residential project, the Everest, continued to book sales during the year. These developments highlight Softlogic's emphasis on innovative and transformative urban solutions, catering to evolving market demands.

ODEL Properties One

ODEL Properties One, a flagship real estate project by Softlogic Properties, is envisioned as a transformative mixed development, integrating premium retail, residential, and lifestyle spaces. Anchored by the iconic ODEL Mall, the property is designed to cater to Colombo's growing demand for modern, multifaceted urban hubs. The development reflects Softlogic's commitment to innovative real estate solutions, setting benchmarks in urban architecture and lifestyle offerings. As a cornerstone of Softlogic property portfolio, ODEL Properties One reinforces the Group's leadership in shaping Sri Lanka's commercial and residential landscapes. Due to funding shortfalls, the project is expected to get underway when equity is infused.

SECTOR PERFORMANCE

The sector recorded a significant recovery in revenue, reaching Rs. 3.1 Bn, up 41% from last year. This positive momentum reflects the recovery in Sri Lanka's tourism sector during the winter peak. Finance costs decreased 33% to Rs. 1.8 Bn for the year. Sector losses were trimmed, compared to a loss incurred in the previous year.

SECTOR OUTLOOK

Sri Lanka's leisure and property sector is experiencing dynamic growth, fuelled

by a resurgence in international tourism, infrastructure development, and a shift towards integrated lifestyle experiences. Colombo's city hotel segment, with its growing appeal as both a business and leisure hub, offers substantial potential, providing high-end accommodations and modern amenities to cater to a diverse clientele. Coastal resorts, like NH Bentota Ceysands Resort, strategically located along pristine beaches, attract tourists seeking wellness retreats, eco-tourism, and luxury experiences.

Simultaneously, ODEL Properties One, a premier mixed-use development, showcases Softlogic's commitment to shaping the urban landscape. By combining retail, residential, and leisure spaces, it responds to the increasing demand for multi-functional urban centers that provide convenience, lifestyle, and community all in one location. This trend is reflective of shifting global demands, where consumers increasingly seek cohesive living environments.

Softlogic's ventures are aligned with these trends. NH Collection Colombo leverages the growing influx of business travellers, offering premium services and enhancing the city's global hospitality profile. NH Bentota Ceysands Resort continues to tap into the surging interest in coastal destinations, driving growth through its pristine location and Minor Hotels Group operational expertise. Through ODEL Properties One, Softlogic is redefining Colombo's commercial and residential offerings, delivering an integrated living experience that meets modern urban demands. These developments position Softlogic as a transformative force in Sri Lanka's expanding leisure and property sectors with further potential to be reaped when the company upscales its equity investments in the direction.

AUTOMOBILES



This sector represents brands like Ford, King Long, and Suzuki, with advanced 3S facilities offering Sales, Service, and Spare parts for all vehicle brands, ensuring high-quality service and customer satisfaction. Softlogic is well-positioned to capitalise on easing import restrictions, meeting the growing demand in both passenger and commercial vehicles, and driving market growth.



Softlogic's automobile sector represents globally recognised brands such as Ford, King Long, and Suzuki. The division features state-of-the-art 3S facilities, offering Sales, Service, and Spare parts, ensuring top-tier service and customer satisfaction to all vehicle types in Sri Lanka. With a strategic focus on capitalising on the gradual easing of import restrictions, Softlogic is well-positioned to address the rising demand in both the passenger and commercial vehicle segments. This robust infrastructure enables the sector to meet evolving market needs, driving growth and strengthening its market leadership.

SECTOR OVERVIEW

The automobile industry faced significant hurdles, with the import restrictions on motor vehicles remaining

a primary challenge. These restrictions, initially imposed to curb foreign exchange outflows, had a profound impact on the industry. This has significantly altered market dynamics, forcing businesses to adapt their strategies to stay competitive in a highly constrained environment.

With limited imports, the industry became increasingly reliant on service and maintenance income, as well as spare parts sales. As vehicle availability dwindled, owners of existing cars turned to service providers for maintenance, repairs, and the replacement of parts, creating a steady demand for after-sales services. The industry had to pivot their focus to these revenue streams, emphasizing the importance of building a robust after-sales service network.

Moreover, as the number of new vehicles entering the market remained limited, the demand for spare parts surged. This shift further highlighted the critical role that service and maintenance revenue now plays in the financial health of businesses in the sector. Automotive companies that had previously focused predominantly on new vehicle sales had to realign their operations, strengthening their service capabilities, expanding parts inventories, and focusing on customer retention through enhanced after-sales services.

The industry remains optimistic that the government will gradually ease import restrictions, starting with small and essential vehicles and is expected to lift such restrictions in February 2025. This approach is expected to provide crucial relief and stimulate a recovery in the market.



Rs. 439 Mn
Total Assets



Rs. 378 Mn
Total Revenue



62
Total Employees

AUTOMOBILES

Future Automobiles

Future Automobiles, as the authorised dealer for Ford vehicles in Sri Lanka, has faced challenges due to the ongoing import restrictions. With limited access to new vehicle imports, the company has been primarily focused on servicing and repairing Ford vehicles currently on the road. While this shift has allowed them to continue supporting existing Ford owners, the lack of new vehicle sales has negatively impacted overall performance. The import ban has restricted growth opportunities, and the company is working to maintain its market position by relying on after-sales services during this challenging period.

Softlogic Automobiles

Softlogic Automobiles, the authorised dealer for King Long buses in Sri Lanka, faced significant challenges due to the import restrictions in place until August 2023. With the lifting of the vehicle import ban for buses specifically in public-related transport, the company has seen a potential opportunity to re-enter the market and cater to the growing demand for buses. In addition to this, Softlogic Automobiles continued to maintain its competitive edge by operating a state-of-the-art collision repair center, capable of servicing all vehicle brands across the country. This facility allowed the company to provide high-quality repair services, ensuring ongoing support for a wide range of vehicles. Although the lifting of the import ban on buses is expected to stimulate growth, the company's performance throughout the restrictions was primarily driven by its after-sales services and maintenance offerings, which helped sustain its market position during a challenging period.

Suzuki Motors Lanka

Suzuki Motors Lanka, the exclusive distributor of Suzuki motorbikes in Sri Lanka under an Agency Agreement with Suzuki Motor Corporation of Japan, has faced significant challenges due to the ongoing import restrictions. With limited access to new vehicle imports, the company has strategically focused on enhancing its repair and maintenance services to uphold its commitment to customer satisfaction. By prioritising after-sales support, Suzuki Motors Lanka has ensured that its customers continue to receive exceptional service and maintain their vehicles to the highest standards, enabling the company to navigate the constraints of the market effectively.

SECTOR PERFORMANCE

The prolonged import restrictions on vehicles have had a significant impact on sector performance. Sector revenue declined 78% to Rs. 378 Mn during the year. However, benefiting from declining market interest rates, the sector recorded a notable 63% reduction in finance costs, which fell to Rs. 184 Mn. As a result, the sector closed the year with reduced losses of Rs. 126 Mn, compared with a loss of Rs. 239 Mn last year.

SECTOR OUTLOOK

Sri Lanka's automobile industry holds significant potential for growth, despite the challenges faced in recent years. With the gradual easing of import restrictions, particularly on buses and smaller vehicles, there is renewed optimism for the industry's recovery and long-term prospects. The easing of these restrictions, alongside improving

economic conditions, is expected to stimulate demand for both new vehicles and parts, particularly in segments like tourism, logistics, and public transport.

Moreover, the growing focus on electric and hybrid vehicles worldwide provides an avenue for Sri Lanka's automobile sector to tap into the global trend towards sustainable transportation. The government's initiatives to promote green technologies, coupled with increasing environmental awareness among consumers, could spur demand for energy-efficient vehicles in the coming years.

While challenges persist, the Sri Lankan automobile sector's potential is now gearing up to rev up its performance with the lifting of import restrictions in February 2025. Shifting consumer preferences, and global trends toward sustainable mobility, also makes it well-positioned for recovery and growth in the years ahead.

The industry is now anticipating more positive dynamics with the opening of vehicle imports in phases. This phased lifting has offered significant potential for growth, particularly in sectors like public transport and tourism, where the demand for vehicles is anticipated to rise. The careful reopening of imports will also provide opportunities for both new vehicle sales and related services, driving further expansion in the sector. Softlogic's automobile sector is poised to capitalise on this pent-up demand, positioning itself for strong growth as the market recovers.

HUMAN CAPITAL

Softlogic Holdings remains steadfast in its commitment to fostering a workplace culture that embraces equality and inclusivity. The Company’s Equal Employment Opportunity policy underscores its dedication to merit-based decisions in selection, training, development, and promotions. This policy ensures that every employee, irrespective of ethnic origin, religion, political opinion, gender, marital status, or physical ability, is provided with equal opportunities to thrive and contribute.

Throughout the year, the Group has reinforced its commitment to team development, channeling efforts into enhancing employee skills and aligning their contributions with the organisation’s overarching corporate goals. This approach not only empowers employees but also strengthens the Group’s ability to achieve sustainable success.

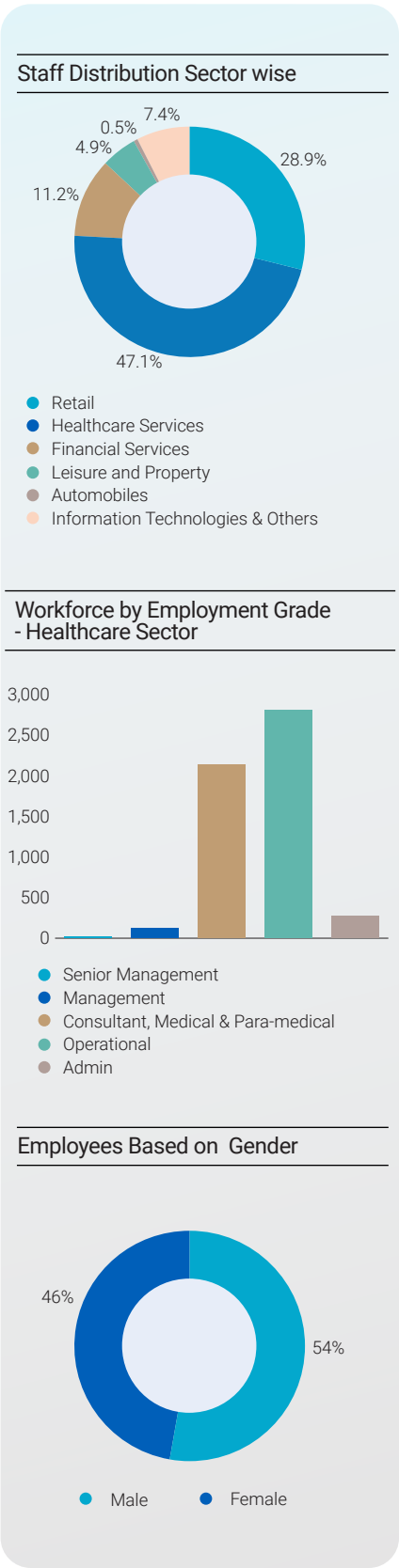
RECRUITMENT PROCESS

In the past financial year, Softlogic Group adopted a comprehensive and multifaceted approach to talent acquisition, ensuring the recruitment of individuals whose skills and values align with the organisation’s commitment to excellence. By utilising diverse recruitment channels, the Group successfully attracted talent across all levels, meeting the operational and strategic needs of its various business units.

For non-executive positions, such as roles in housekeeping and kitchen operations, Store Assistants, Security Officers traditional paper advertisements proved to be a reliable and cost-effective method for sourcing candidates. These channels enabled the Group to connect with a wide pool of potential employees, ensuring that essential operational roles were filled efficiently.

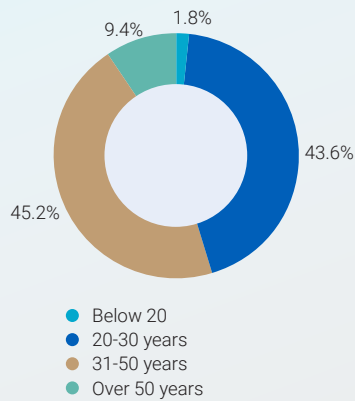
For more specialised roles and executive-level positions, digital platforms such as Top Jobs and the job advertisement portal on the Group’s website were utilised extensively. These platforms offered targeted reach to skilled professionals and ensured visibility among highly qualified candidates. Furthermore, employee and director referrals played a pivotal role in identifying talent, reflecting the trust and networks within the organisation.

For managerial and senior-level roles, the Group partnered with head-hunting agencies to secure the most suitable candidates. This approach allowed Softlogic to tap into a broader talent pool, ensuring that individuals with the requisite expertise and leadership capabilities were brought on board to drive organisational growth.

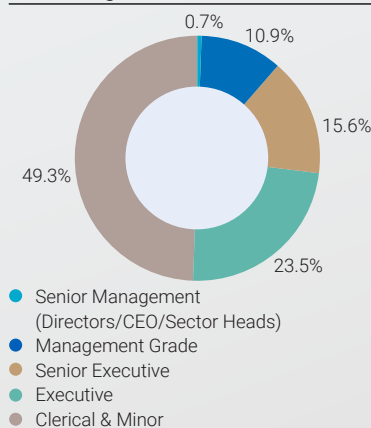


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Employees by Age



Workforce by Employment Grade - Retail, Financial Services, Leisure & Property, Automobiles, Information Technologies & Others



The average time required to complete the recruitment process varies depending on the position's complexity. Senior roles typically involved a more thorough selection process, with an average timeline of four weeks. However, for non-executive positions, the recruitment process was streamlined to ensure vacancies were filled promptly, minimising any operational disruptions.

Recruitment costs primarily included expenses associated with job advertisements on digital platforms like

Top Jobs and agency fees for head-hunters. For non-executive roles, the Group leveraged cost-efficient methods such as paper advertisements and referrals to manage expenses while maintaining effectiveness in sourcing candidates.

By employing this strategic and adaptable recruitment approach, Softlogic Group ensured the continued growth and operational efficiency of its businesses, maintaining its position as a leading employer committed to nurturing talent and fostering organisational excellence.

CHALLENGES FACED

Despite the Group's strategic efforts to attract and retain the best talent, several challenges continue to surface throughout the recruitment process. These challenges not only affect the pace of recruitment but also impact the Group's ability to secure highly skilled professionals across various business units. The most prominent challenges include:

1. Shortage of Skilled Talent:

The availability of skilled professionals, particularly in specialised fields, remains a significant constraint. As the market becomes more competitive, there is a constant shortage of qualified individuals to fill crucial roles within the Group. This shortage leads to an intensified competition for candidates, often extending recruitment timelines and making it difficult to meet operational requirements on time. As the demand for skilled professionals outpaces the supply, Softlogic Group has to continuously refine its recruitment strategies to stay competitive and attract the best talent available.

2. Overseas Job Opportunities:

Another key challenge arises from the increasing allure of overseas job opportunities. Many highly skilled candidates are drawn to international roles where compensation packages, benefits, and career advancement prospects are more attractive. This global mobility presents a challenge for the Group, as it competes not only with local businesses but also with companies offering more lucrative international roles. As a result, Softlogic Group has to find ways to present compelling value propositions to potential candidates, ensuring that they view staying local as a viable and rewarding option.

3. Instability in the Tourism Industry:

The instability within the tourism sector has also played a role in recruitment challenges, particularly for roles tied to this industry. The uncertainty in tourism, exacerbated by global events and shifting travel trends, has caused some employees to seek more stable opportunities in other sectors. This turnover affects recruitment efforts, as the Group needs to replace talent quickly, and may also have an impact on the long-term retention of skilled professionals within the tourism-related divisions.

These challenges highlight the evolving dynamics of the recruitment landscape, which require Softlogic Group to stay agile in its approach. Despite these obstacles, the Group continues to leverage a diverse recruitment strategy and invests in creating a workplace environment that offers competitive advantages, growth opportunities, and a strong organisational culture to attract and retain top-tier talent.

TALENT MANAGEMENT PRACTICES AT SOFTLOGIC GROUP

Effective talent management is key to ensuring that new recruits not only integrate smoothly but also thrive within the organisation. Softlogic Group has implemented several core practices aimed at fostering employee growth, enhancing productivity, and improving retention. These practices are designed to cultivate a supportive and dynamic work environment for all employees:

1. Onboarding:

The onboarding process plays a crucial role in helping new employees acclimate to the company's culture and values. By introducing them to the organisation's mission and work environment early on, Softlogic Group ensures that new hires are equipped to contribute effectively and feel connected to their teams. This approach has proven to boost productivity quickly and increase employee retention rates by fostering a sense of belonging.

2. Succession Planning:

To ensure long-term sustainability, Softlogic Group emphasises succession planning by identifying and nurturing internal talent. This practice ensures a pipeline of qualified candidates ready to step into key roles as they become available. By investing in employees' professional growth, the Company is able to maintain continuity and fill leadership positions with individuals who understand the organisation's goals and culture.

3. Employee Engagement:

Regular employee engagement activities are organised to keep the workforce motivated and connected. These activities not only serve to boost morale but also

help improve job performance and foster a strong sense of loyalty.

By creating opportunities for employees to engage beyond their daily tasks, the Group strengthens relationships within teams and enhances overall organisational performance.

4. Learning and Development:

Softlogic Group recognises the importance of continuous learning and development. By regularly assessing employees' training needs and offering targeted development programs, the company empowers its workforce to enhance their skills and improve job performance. This investment in professional growth ensures that employees stay competitive in their roles and are equipped to contribute to the Group's long-term success.

5. Performance Management:

A robust performance management system is in place to ensure that employees are consistently guided and supported in their professional development. Through regular performance reviews and feedback, Softlogic Group helps employees track their progress and align their career goals with organisational objectives. This focus on performance improvement encourages continuous development and prepares employees for advancement opportunities.

6. Internal Mobility:

Softlogic Group values the growth and satisfaction of its employees and offers opportunities for internal mobility. By enabling employees to transfer across different properties or business locations, the company promotes career growth and increases job satisfaction. This flexibility not only helps employees

broaden their experience but also ensures that the Group retains skilled talent within its ecosystem.

These talent management practices are integral to Softlogic Group's ability to attract, develop, and retain top-tier talent, ensuring that the company remains an employer of choice in a competitive job market. Through these efforts, the Group cultivates a workforce that is skilled, engaged, and motivated to drive success.

RETENTION STRATEGIES AT SOFTLOGIC GROUP

At Softlogic Group, retaining top talent is a fundamental priority, and the company has developed a comprehensive set of retention strategies designed to create a positive and supportive environment for employees. A key aspect of this strategy is the provision of a competitive salary structure that is regularly benchmarked against industry standards. This ensures that employees are fairly compensated for their skills and contributions, making Softlogic Group an attractive employer in a competitive job market.

In addition to pay, the Group offers a comprehensive benefits package designed to enhance the overall well-being of employees. The package includes life insurance, personal accident coverage, subsidised hostel and meal facilities, staff medical insurance, and transport services that cover several key routes. These benefits are tailored to meet the diverse needs of employees, providing them with a sense of security and support both at work and outside of it.

A critical component of Softlogic's retention strategy is the creation of a safe and supportive working environment. The Group fosters a culture where employees feel valued, respected, and empowered to succeed. This environment is

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Retention Rate
2023/2024

65.06

Total Payment to Employees
2023/2024

Rs.14 Bn

Training Investments
2023/2024 (Rs.)

Rs. 23 Mn

Total Training Hours 2023/2024

62,020.33

reinforced by continuous training and development programs, which are designed to enhance employees' skills, support career growth, and promote professional development. By investing in the ongoing education and training of its workforce, Softlogic Group helps employees feel that their personal and professional growth is a priority, leading to higher levels of job satisfaction and long-term retention.

Exit Interview Insights

Analysis of exit interviews from the past financial year has provided valuable insights into the factors influencing employee departures. One of the most prominent reasons for turnover was personal commitments, particularly among the predominantly female workforce (over 70%). Many employees cited life events such as marriage or

childbirth as the primary reasons for leaving the organisation.

Another significant factor was the pursuit of better career advancement opportunities. Some employees sought roles offering more room for professional growth or relocated abroad for more attractive positions, reflecting the increasing mobility of talent within the healthcare sector. These findings underline the importance of offering career progression pathways and ensuring that employees feel there are long-term opportunities for growth within the organisation.

Addressing these exit trends remains a key focus for Softlogic Group's retention strategy in the coming year. The Group is committed to continuously improving its working environment, enhancing career development programs, and exploring flexible work arrangements to meet the evolving needs of its workforce, especially among those with personal commitments. By responding to these insights, Softlogic Group aims to enhance employee satisfaction, reduce turnover, and ensure the retention of top talent.

Common Reasons for Employee Departures

- 1. Relocation:** Employees leave due to personal or family relocation needs.
- 2. Health or Family Concerns:** Personal health issues or caregiving responsibilities may require an employee to resign.
- 3. Pursuing Personal Interests:** Employees may choose to leave to pursue higher education, start their own business, or follow personal passions outside of their current role.

PERFORMANCE MANAGEMENT AT SOFTLOGIC GROUP

Performance management is a cornerstone of Softlogic Group's people management strategy, ensuring that our teams consistently deliver exceptional results while upholding the highest standards of service and operational excellence. At the heart of this strategy is our comprehensive Performance Management System (PMS), designed to align employee performance with organisational goals, promote accountability, and foster professional growth across all levels of the Group.

Performance Evaluation Method

Softlogic Group's PMS is built on the core principle that employees who understand their roles and how their contributions align with the Company's success are more likely to deliver outstanding results. The system centers on an annual performance review, which offers an objective assessment of each employee's performance against predefined Key Performance Indicators (KPIs) and role-specific technical competencies. This ensures that employees are evaluated in a fair, transparent, and consistent manner, fostering a performance-driven culture throughout the Group.

Individualised Feedback Sessions

A key element of our PMS is the one-on-one feedback sessions between employees and their department heads or supervisors. These sessions are essential for setting new performance goals, identifying areas for improvement, and determining training and development needs. They also serve as a platform for supervisors to discuss tailored development plans and address any concerns employees may have, building a strong, trusting working relationship. To further enhance the effectiveness of these sessions, an

HR representative is present to address grievances, career-related issues, or other concerns. This collaborative approach not only increases the transparency of the feedback process but also strengthens Softlogic Group's commitment to employee development and satisfaction.

Recognition and Rewards

Insights gathered from feedback sessions play a vital role in identifying outstanding performers who are eligible for recognition and rewards. These rewards include performance bonuses, promotions, and accolades such as Employee of the Month/Year awards. This recognition program is designed to motivate employees, acknowledge their contributions, and inspire continued excellence. The PMS also serves as a tool to identify employees who may need additional support through coaching and mentoring, ensuring that all employees have the opportunity to develop to their fullest potential.

Digital Transformation of Performance Management

In 2023, Softlogic Group took a significant step forward by introducing the "eValuator" platform for Asiri Group of Hospitals, a fully digital system that automates the entire performance management process. The 2022/23 performance evaluation cycle was the first to be managed entirely through this system, resulting in improved accuracy, fairness, and valuable data insights, while also reducing the time and paper traditionally required for the process. This digital transformation has streamlined the previously manual, time-consuming evaluations, creating a more efficient and user-friendly experience for both managers and employees.

Enhanced Features for 2023/24

For the 2023/24 cycle, Softlogic Group introduced several new enhancements to the PMS. These include the integration of information such as no-pay days, late attendance occurrences, and late minutes into the system, giving department heads a holistic view of employees' attendance patterns. Furthermore, a new self-appraisal form was introduced via a web link, enabling employees to complete online self-assessments, making the process more efficient and centered around employee input.

Continuous Feedback Mechanisms

The PMS is supported by continuous feedback tools, including 360-degree feedback, allowing for real-time performance adjustments. This ensures that employees receive ongoing guidance and opportunities for improvement throughout the year, rather than only during the annual review process.

Future Performance Initiatives

Looking ahead, Softlogic Group plans to further enhance the PMS by incorporating advanced analytics and AI-driven insights into the performance evaluation process. These innovations will offer deeper insights into employee performance, enabling more personalised development plans and reinforcing a high-performance culture across the organisation. Additionally, we aim to simplify the evaluation process for managers while continuing to empower employees with tools for self-assessment and professional growth.

Through these evolving performance management initiatives, Softlogic Group ensures that its employees are consistently supported in their

development, enabling them to thrive while driving the organisation's success

Training and Development at Softlogic Group

At Softlogic Group, we believe that investing in employee training and development is essential to achieving both individual and organisational success. Our comprehensive training programs are designed to equip employees with the skills and knowledge they need to excel in their roles, foster a culture of continuous learning, and ensure a high standard of service for our customers. Below are some of the key training initiatives we offer:

1. Onboarding Training

Our onboarding training serves as the first step in integrating new employees into the Softlogic Group family. This training provides a thorough introduction to the Company, its culture, values, and operational standards. Employees are familiarised with the company's mission and expectations, helping them understand their role in delivering exceptional service and contributing to our overarching goals. This training helps set a strong foundation for new hires, ensuring they are aligned with the company's vision from the outset.

Further, We conduct product awareness sessions at the inception of each theme to educate our staff about any new items introduced, products updated or improved based on theme, in order to better equip our employees and enable this experience for our clients. Trainings are focused on three areas such as product knowledge, store processes and customer orientation. Some of the

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key training programs offered to our Retail Sector employees are

- Service Excellence Program
- Positive Thinking & Self-Motivation Training Program
- Shop Floor English Retail Supervisory Development Program
- Management Development Program
- Advanced Retail Module
- Standard Operating Procedures Training

2. On-the-Job Training

To ensure employees acquire practical experience, on-the-job training allows them to perform real tasks while being guided by experienced colleagues. This hands-on learning approach enables employees to develop job-specific skills in a real-world context, boosting their confidence and efficiency. It is a valuable part of the learning process, giving employees the tools they need to succeed and contribute meaningfully to the organisation.

3. Soft Skills Training

In addition to technical knowledge, we emphasise the importance of soft skills that enhance personal attributes such as empathy, teamwork, problem-solving, and adaptability. These skills are essential in creating positive interactions with both guests and colleagues. Our training focuses on developing communication and interpersonal skills, which help employees navigate the challenges of working in a dynamic and customer-oriented environment. By fostering emotional intelligence and resilience, we ensure that our teams can manage any situation with professionalism and empathy.

4. First Aid Training

Ensuring the safety and well-being of both our guests and employees is a top priority at Softlogic Group. First aid training equips employees with essential emergency response skills, such as CPR, wound care, and basic emergency procedures. By being trained to handle medical emergencies effectively, employees are able to contribute to a safer environment, giving guests peace of mind and promoting a culture of responsibility within the workplace.

5. Fire Training

Fire safety training prepares employees for fire emergencies, ensuring they understand proper procedures to minimise risk. This includes evacuation drills, training in the correct use of fire extinguishers, and implementing fire prevention measures. This training is critical for ensuring a safe working environment and instilling a sense of preparedness and confidence among employees in handling emergency situations.

6. In-House Cross Training

In-house cross training provides employees with the opportunity to experience different roles across various departments. This fosters a deeper understanding of the organisation's operations, while promoting collaboration and teamwork. Employees can learn new skills outside of their core responsibilities, enhancing their versatility and broadening their knowledge base. This exposure helps create a well-rounded workforce, capable of handling a variety of tasks and contributing to a unified organisational culture.

7. Telephone Etiquette

Telephone etiquette training is focused on enhancing professional

communication skills, particularly for handling both guest and internal calls. Employees are trained to manage calls in a manner that is clear, polite, and efficient, ensuring smooth communication in all interactions. This training helps create a positive experience for guests, as well as for colleagues, by setting a standard for professionalism in every phone conversation.

8. Effective Communication

Effective communication training is aimed at improving both verbal and written communication skills. By enhancing clarity, precision, and professionalism in everyday interactions, this training supports better teamwork and guest service. Employees learn how to effectively convey information, listen actively, and resolve conflicts constructively, which contributes to a more cohesive work environment and ensures that guest interactions are seamless and positive.



Through these training and development initiatives, Softlogic Group is committed to building a skilled, knowledgeable, and well-rounded workforce that is prepared to meet the challenges of a dynamic business environment. By empowering employees with the tools they need to succeed, we ensure that they are not only equipped to excel in their roles but also prepared for continuous growth within the organisation.

SUCCESSION PLANNING AT SOFTLOGIC GROUP

At Softlogic Group, succession planning is an integral part of our long-term strategy to ensure leadership continuity and business resilience. Our Succession Planning Strategy is designed to proactively identify and develop high-potential employees, preparing them to take on key roles as the organisation evolves. This approach not only supports business continuity but also helps foster a pipeline of skilled leaders who are ready to assume greater responsibilities when needed.

Succession Planning Strategy

Our strategy is built on the early identification of future leaders within the organisation. By conducting continuous performance evaluations, talent reviews, and career development discussions, we identify individuals who demonstrate strong leadership qualities, technical expertise, and the potential for growth. These high-potential employees are provided with structured opportunities to further develop their skills and prepare for senior roles within the company. This ensures a smooth transition when leadership positions become available, securing the Company's long-term success.

Leadership Development Programs

To support our succession planning efforts, Softlogic Group has

implemented various Leadership Development Programs aimed at grooming emerging leaders. These programs are specifically designed to develop essential leadership skills, preparing employees to handle increased responsibilities effectively. Key Components of the leadership Development programs in the Healthcare Sector Include:

Healthcare-Specific Skills: A significant portion of our training effort is dedicated to enhancing healthcare-specific competencies. In the past year, Softlogic Group allocated over 5,000 man-hours to training programs such as Basic Life Support, Advanced Life Support, Neonatal Life Support, and First Aid, ensuring our employees are well-equipped to handle medical emergencies with confidence.

Further, Clinical Training: Regular specialised clinical training sessions for healthcare professionals, including nurses and medical officers, are conducted to support Continuous Professional Development (CPD). This approach reflects our commitment to maintaining the highest standards of healthcare and emergency preparedness.

Safety Training: The safety of our staff and patients is paramount. In FY 2023/24, Softlogic Group dedicated 4,300 man-hours to safety training, including fire evacuation drills, fire safety and emergency response, and waste disposal and spill management. These programs ensure that employees are fully prepared to handle critical situations and maintain a safe environment for everyone.

Mentorship Programs

A key aspect of our succession planning is the mentorship programs, where senior leaders guide high-

potential employees. These mentoring relationships help foster personal and professional growth, providing employees with the wisdom, insight, and skills necessary to progress in their careers. By sharing their experiences and offering guidance, our senior leaders actively contribute to the development of the next generation of Softlogic Group leaders.

Training and Workshops

We also provide tailored leadership development training, focusing on essential management skills such as decision-making, communication, and problem-solving. These workshops are designed to prepare high-potential employees for the challenges they will face in senior roles, equipping them with the tools needed for effective leadership.

Cross-Functional Exposure

As part of our commitment to comprehensive leadership development, we offer cross-functional exposure to high-potential employees. These employees are given the opportunity to work across different departments or operational areas, broadening their understanding of the business and gaining diverse experiences. This holistic approach enhances their leadership capabilities and helps them appreciate the interconnectedness of various roles within the organisation.

Executive Coaching

For selected employees, we offer executive coaching to refine the mindset and skill set necessary for success in higher leadership positions. These coaching sessions provide tailored support to accelerate the development of future leaders, preparing them to navigate complex challenges and contribute strategically to the organisation's goals.

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EMPLOYEE ENGAGEMENT ACTIVITIES FOR FY 2023/2024

At Softlogic Group, we believe that a motivated and engaged workforce is essential for fostering a positive organisational culture. Throughout the financial year 2023/2024, we organised several employee engagement activities aimed at boosting morale, enhancing team collaboration, and recognising the contributions of our employees. These initiatives not only serve to motivate our staff but also strengthen the bonds between colleagues, making the workplace more dynamic and cohesive.

Key Employee Engagement Initiatives:

1. New Year Celebrations

The year began with a lively celebration to welcome the new year, where employees gathered for a festive event, enjoying food, music, and an atmosphere of joy and unity. This event marked the beginning of the year with optimism and set a positive tone for the months ahead.

2. Yearly Staff Party

Our annual staff party provided an opportunity for employees to unwind and celebrate their hard work in a fun, relaxed environment. With music, food, and entertainment, the event allowed staff members from all departments to socialize and create lasting memories outside the work environment.

3. Employee Birthday Parties

Throughout the year, we celebrated employee birthdays with personalised cakes, snacks, and fun activities. These monthly celebrations were designed to recognise the individual contributions of our team members, making them feel valued and appreciated.

4. Team Building Activities

Regular team-building activities were conducted, providing employees with opportunities to work together on challenges and improve collaboration. These activities were designed to strengthen interpersonal skills and enhance problem-solving abilities within teams.

5. Inter-Department Cricket Tournament

An exciting inter-department cricket tournament was held, encouraging friendly competition among employees. This initiative not only promoted physical fitness but also nurtured team spirit and a sense of camaraderie across different departments.

6. International Women's Day Celebration

In recognition of the invaluable contributions of women in the workplace, we celebrated International Women's Day with special events, recognising female employees for their hard work and dedication. This event highlighted our commitment to gender equality and empowered women within the organisation.

7. Blood Donation Campaign

As part of our Corporate Social Responsibility (CSR) initiatives, Softlogic Group organised a blood donation campaign, encouraging employees to contribute to the health and well-being of the community. This act of kindness reinforced our commitment to making a positive impact beyond the workplace.

8. Christmas Carols

To bring holiday cheer to both employees and guests, we organised Christmas carol sessions. Employees came together

to sing and celebrate the festive season, spreading joy throughout the workplace.

Ongoing Employee Engagement Programs

In addition to these major events, we also implemented ongoing initiatives such as the Star of the Month and Supervisor of the Month awards to recognise outstanding employee performance. These initiatives are designed to provide continuous motivation and reward exceptional efforts, further strengthening our culture of recognition.

Through these varied employee engagement activities, Softlogic Group has cultivated a supportive, vibrant, and motivated work environment. By fostering team spirit, recognizing individual contributions, and promoting a healthy work-life balance, we continue to create a workplace where employees feel valued, inspired, and committed to the Group's success.

Further, The Asiri Group's proactive approach to employee relations is framed around the principle of open and honest communication with employees designed to achieve the following objectives:

- Foster effective and collaborative workplace relations through consultation and cooperation between the Group and its employees
- Ensure timely and consistent resolution of employee grievances to enhance workplace productivity and morale Implement robust systems, processes, and procedures to manage and address issues raised by employees
- Minimise productivity losses stemming from employee dissatisfaction

Similarly, the Group believes that creating an environment for regular employee engagement helps to promote job satisfaction and employee motivation resulting in a loyal and committed team. Consequently, the Group has implemented various engagement mechanisms facilitating team connectivity, fostering camaraderie, and nurturing a unified workforce to propel business growth

EMPLOYEE WELFARE AND CSR ACTIVITIES FOR SOFTLOGIC GROUP – FY 2023/2024

At Softlogic Group, we recognise the importance of employee welfare and Corporate Social Responsibility (CSR) as integral components of our organisational culture. Our efforts to foster a positive work environment and contribute to the community reflect our commitment to employee satisfaction, safety, and social responsibility.

EMPLOYEE WELFARE ACTIVITIES

1. Staff Outing

To promote teamwork and give our employees an opportunity to relax outside the office environment, Softlogic Group organised a fun-filled staff outing. This event provided a chance for employees to bond, engage in recreational activities, and enjoy a break from their routine work, strengthening the team spirit and morale across departments.

2. Book Donation

As part of our commitment to supporting education in underprivileged communities, Softlogic employees participated in a book donation drive. Employees contributed books to schools and communities in need, enriching the educational resources available to children and promoting literacy in areas where it is most needed.

3. Donation for Flood Victims

Softlogic Group employees demonstrated their solidarity and compassion by contributing to flood relief efforts. The donations were used to provide essential supplies such as food, clothing, and clean water to flood-affected communities. This initiative highlights our employees' dedication to helping those in need during times of crisis.

CSR Activities

Donation of Food and Bed Linens for Underprivileged Children at the Salvation Army Child Development Centre – Dehiwala

In line with our commitment to supporting vulnerable members of society, Softlogic Group donated food and bed linens to the children at the Salvation Army Child Development Centre in Dehiwala. This gesture was aimed at ensuring the comfort and well-being of children in need, providing them with basic necessities and supporting their growth and development.

CHILD LABOUR POLICY

At Softlogic Group, we are deeply committed to safeguarding the rights and well-being of children and ensuring that our operations align with ethical practices that promote their development and protection. We are, focusing on the prevention of child exploitation and the promotion of a healthy, supportive environment for children both in our workplace and in the broader community.

WATCH Child Protection Program

To raise awareness and educate our employees on the critical issue of child labour, we conducted the WATCH Child Protection Program. This training initiative equips employees with the skills and knowledge needed to

contribute to the elimination of child labour. By emphasizing the importance of education and gainful employment for adults, the program aligns with our goal to support national and local development while safeguarding the rights of children.

Rigorous Age Verification Process

In line with our commitment to preventing child labour, Softlogic Group has implemented a rigorous verification process for all potential employees. Before hiring, we ensure that the age of every candidate is thoroughly validated through official documents, such as birth certificates, national identity cards, passports, or driving licenses. These documents are carefully retained in each employee's personal file, enabling full compliance with labour laws and our internal policies.

Grievance Handling

To outline the process to be followed in the event of an employee making a formal grievance complaint. Grievance procedures are intended to allow the business unit management to hear and resolve complaints in a timely and cost effective manner, before they result in litigation.

A grievance refers to a formal written complaint signed by an employee that believes that they have been wronged. Upon receiving a grievance in writing, the immediate superior should report the grievance to the Human Capital Department. All concerns and issues must be investigated fairly, in a timely manner, and in accordance with company values and following the local legal escalation process. Response to a grievance will be acknowledged by the Human Capital Manager and the Group Director Human Capital. The grievance escalation process will be in accordance with the Company policy. The HC representative should

HUMAN CAPITAL



acknowledge the grievance and begin a proper investigation. The grievance together with the results of investigation will be reported to the Group Director Human Capital. The grievance will be resolved by the management, and will be informed in writing. Once acknowledged, the employee should confirm their satisfaction to the Human Capital Department in writing.

Whistle Blower Policy

Whistleblower policy has been issued to all employees and is also available on the staff notice board and staff lockers for further details. This policy has been implanted to enable anyone who works on the Company's behalf and other stakeholders to communicate concerns regarding ethics and wrongdoings within the Company without fear of reprisal or retaliation.

Whistleblowing is the reporting of suspected wrongdoing or dangers in relation to our activities. This includes bribery, fraud or other criminal activity, miscarriages of justice, health and safety risks, damage to the environment, any breach of legal or professional obligations and any breaches of this Code of Conduct. We are committed to conducting our business with honesty and integrity and we expect all staff to

maintain high standards. Any suspected wrongdoing should be reported as soon as possible to the employee's line manager and/or to the Human Capital Manager in the Company / Department. However, where the employee prefers not to raise it with such individuals for any reason they should contact the Human Capital Department.

We hope that employees will feel able to voice whistleblowing concerns openly. Completely anonymous disclosures are difficult to investigate. If the employee wants to raise a concern confidentially, the Company makes every effort to keep his/her identity secret and only reveal it where necessary to those involved in investigating the concern.

The aim is to provide an internal mechanism for reporting, investigating and remedying any wrongdoing in the workplace. In most cases the employee should not find it necessary to alert anyone externally. However, in some circumstances it may be appropriate for the individual to report his/her concerns to an external body such as a regulator. The Company strongly encourage employees to seek advice before reporting a concern to anyone external.

The Company aims to encourage openness and will support whistleblowers who raise genuine concerns, even if they turn out to be mistaken. Whistleblowers must not suffer any detrimental treatment as a result of raising a genuine concern.

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 31st March 2024.

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 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 10 to 13 and Sector Reviews on pages 35 to 52 of this report.

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 82 to 211 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 74

AUDITOR'S REPORT

The Auditor's Report on the financial statements is given on pages 76 to 81 of the Annual Report.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial statements are given on pages 90 to 210 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 134 to 139

CAPITAL EXPENDITURE

The total capital expenditure incurred on the acquisition of property, plant and equipment for the Company and the Group amounted to Rs. 8 Mn (2023 Rs. 26 Mn) and Rs. 2,167 Mn (2023 Rs. 3,987 Mn) respectively. Details of capital expenditure and their movements are given in Note 21 to the Financial Statements on pages 134 to 139 of the Annual Report.

In addition to the above, a sum of Rs. 1,327 Mn (2023 Rs. 2,307 Mn) has been incurred by the Group in respect of the ODEL Mall project.

RESERVES

The accumulated losses for the Company amounted to Rs. 13,724 Mn (In the year 2023, retained earnings of the Company were restated and amounted to Rs. 4,589 Mn) and accumulated losses for the Group Rs. 69,594 Mn (2023 Rs. 51,549). The movement and composition of the Capital and accumulated losses are disclosed in the Statement of Changes in Equity.

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

DONATIONS

During the year, donations made by the Group amounted to Rs. 2 Mn (2023 Rs. 1 Mn).

STATED CAPITAL

The stated capital of the Company as at 31 March 2024 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 POSITION

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 52 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 50 to the Financial Statements, covering contingent liabilities.

DIRECTORATE

The following Directors held Office during the year under review. The

biographical details of the Board members are set out on pages 16 to 17.

- 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
- Mr. J.D.N. Kekulawala
- Prof. A.S. Dharmasiri
- Mr. A. Russell Davison
(Resigned w.e.f. 1st May 2024)
- Mr. S. Saraf
- Mr. C.K. Gupta
(Alternate Director to Mr. S. Saraf)
- Mr. W.M.P.L. De Alwis, PC
(Resigned w.e.f. 15th June 2023)
- Mr. T. Nadarasa
(Appointed w.e.f. 1st May 2024)

DIRECTORS' SHAREHOLDING

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

Name of Director	No of Shares as at 31/03/2024	No of Shares as at 31/03/2023
Mr. A.K. Pathirage	493,125,865	493,125,865
Mr. H.K. Kaimal	80,439,792	80,439,792
Mr. G.W.D.H.U. Gunawardena	71,333,852	71,333,852
Mr. R.J. Perera	75,437,508	75,437,508
Mr. M.P.R. Rassool	-	-
Mr. J.D.N. Kekulawala	-	-
Prof. A.S. Dharmasiri	-	-
Mr. A. Russell Davison (Resigned w.e.f. 1st May 2024)	-	-
Mr. S. Saraf	-	-
Mr. C.K. Gupta (Alternate Director to Mr. S. Saraf)	-	-
Mr. W.M.P.L. De Alwis, PC (Resigned w.e.f. 15th June 2023)	-	-
Mr. T. Nadarasa (Appointed w.e.f. 1st May 2024)	-	-

DIRECTORS' REMUNERATION

Directors' remuneration in respect of the Company for the financial year ended 31 March 2024 was Rs. 62.95 Mn (2023 - Rs. 55.86 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.

FIT AND PROPER ASSESSMENT CRITERIA OF THE BOARD OF DIRECTORS

The Directors hereby confirm that the Directors and CEO of the Company satisfy the Fit and Proper Assessment Criteria stipulated in Section 9.7 of the Listing Rules of the Colombo Stock Exchange for the year.

SHAREHOLDERS' INFORMATION

The distribution of shareholders is indicated on page 210 of the Annual Report. There were 10,103 registered shareholders as at 31 March 2024 (31 March 2023 – 10,076).

SHARE INFORMATION

Information on share trading is given on page 211 of the Annual Report.

INTERNAL CONTROL

The Directors are responsible for the governance of the Company including the establishment and maintenance of the Company's system of internal control.

Internal control systems are designed to meet the particular needs of the organisation concerned and the risk to which it is exposed and by their nature can provide reasonable, but not absolute assurance against material misstatement or loss. The Directors are satisfied that a strong control environment is prevalent 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 pages 30 to 32 of the Annual Report.

CORPORATE GOVERNANCE

The report on Corporate Governance is given on pages 18 to 29 of the Annual Report.

The Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested.

The Company complied with all applicable laws and regulations in conducting its business and has not engaged in any activity contravening the relevant laws and regulations. Officers responsible for ensuring compliance with the provisions in various laws and regulations, confirm compliance in each quarter to the Board Audit Committee.

All endeavours have been made to ensure that shareholders in each category have been treated equitably in accordance with the original Terms of Issue.

The business is a Going Concern with supporting assumptions or qualifications as necessary, and that the Board of Directors has reviewed the Company's Corporate/Business plans and is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, the Financial Statements of the Company are prepared based on the Going Concern assumption.

The Board of Directors has conducted a review of internal controls covering financial, operational and compliance controls, risk management and has obtained a reasonable assurance of their effectiveness and proper adherence.

The Company has complied with the Listing Rules issued by CSE. Refer pages 23 to 29 for measures taken and compliance status.

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. 4.7 Mn as audit fees for the financial year ended 31 March 2024 (2023 Rs. 3.6 Mn) by the Company. Details of which are given in Note 18 to the Financial Statements.

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

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

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

RELATED PARTY TRANSACTIONS

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

During the year 2023/2024 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 179 to 182 which is adopted in the preparation of these Financial Statements.

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 Thursday the 09th January 2025 at 10.00 am. The Notice of the Annual General Meeting is on page 215 of the Annual Report.



A.K. Pathirage

Chairman/Managing Director



H.K. Kaimal

Director



Softlogic Corporate Services (Pvt) Ltd

Secretaries

09 December 2024

Colombo

BOARD AUDIT COMMITTEE REPORT

SCOPE OF THE COMMITTEE

The Board Audit Committee supports the Board of Directors in fulfilling 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 comprised three independent Non-Executive Directors till 15th June 2023 and two independent Non- Executive Directors from 16th June 2023 to 31st March 2024. 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, Independent Non-Executive Director (Appointed w.e.f. 09th January 2019)
- Mr. W.M.P.L. De Alwis, PC - Member, Independent Non-Executive Director (Resigned w.e.f. 15th June 2023)
- Prof. A.S. Dharmasiri - Member, Independent Non-Executive Director (Appointed w.e.f. 01st July 2016)

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 seven 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	7/7
Prof. A.S. Dharmasiri	7/7
Mr. W.M.P.L. De Alwis, PC (Resigned w.e.f. 15th June 2023)	1/7

- Mr. T. Nadarasa - Member, Independent Non-Executive Director (Appointed w.e.f. 10th June 2024)

The Group Head of Finance attended the Committee's meetings by invitation and other members of the Senior Management attended meetings by invitation when necessary. 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

BOARD AUDIT COMMITTEE REPORT

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.

COMPLIANCE

Compliance The Committee obtained representations from Group Managing Director/ Chief Executive Officer and Head of Finance on the adequacy of provisions made for possible liabilities. The committee also reviewed reports tabled during the Board Meetings with regard to statutory payments and filing of Returns. Having made necessary observations, the Audit Committee is of the view that the company has complied with Companies Act No.07 of 2007, regulations & directions of Securities Exchange Commission, Colombo Stock Exchange and Sri Lanka Accounting Standards.

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 re-appointed for the year ending 31 March 2025 at the Annual General Meeting.

The current Auditors Messrs Ernst and Young were appointed as external auditors in FY 2005/2006 and continue to hold that position at present. A partner rotation of the auditors takes place periodically and the last rotation of the audit partner took place in 2023.



J.D.N. Kekulawala

Chairman – Board Audit Committee

09 December 2024

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 Transactions 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 2024 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 Composition of the Related Party Transactions Review Committee was re-constituted on 10th June 2024 as follows;

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

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

Name	Meeting Attended
Prof. A.S. Dharmasiri	2/2
Mr. H.K. Kaimal	2/2

- Mr. T. Nadarasa (Appointed w.e.f. 10th June 2024)

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 transactions 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.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

During the year 2023/2024 there were no non- recurrent or recurrent related party transactions that exceeded the respective thresholds mentioned in the Listing Rules of the Colombo Stock Exchange.

The Committee adopted the policies and procedures aligns with CSE Listing Rules when reviewing the Related Party Transactions.

The deceleration by the Board of Directors as an affirmative statement of the compliance with the Listing Rules pertaining to related party transactions is given on page 66 of the Annual Report.



Prof. A.S. Dharmasiri

*Chairman - Related Party Transactions
Review Committee*

09 December 2024

Colombo

HR & REMUNERATION COMMITTEE REPORT

PURPOSE

The primary objective of the Committee is to ensure that the organisation's remuneration policy and practices are fair, competitive, and are consistent with the Group's strategic objectives, risk appetite, values and overall interests of stakeholders. This includes reviewing and recommending compensation packages for senior executives, overseeing performance evaluation and incentive programmes. Additionally, the committee plays a crucial role in promoting a positive organisational culture, enhancing employee engagement, and attracting and retaining top talent.

The Committee's duties and obligations are outlined in its formal Terms of Reference (TOR).

COMMITTEE COMPOSITION AND MEETING

The Human Resources and Remuneration Committee comprises only of Non- Executive Independent Directors. The members of the Human Resources and Remuneration Committee as of 31 March 2024 and their attendance at the meetings held are as follows:

ATTENDANCE AT MEETINGS

Name	Meeting Attended
Prof. A.S. Dharmasiri - Chairman	1/1
Non- Executive Independent Director	
Mr. J.D.N. Kekulawala – Member	1/1
Non- Executive Independent Director	

- Mr. W.M.P.L. De Alwis – Member - Non- Executive Independent Director (Resigned w.e.f. 15th June 2023)
- Mr. T. Nadarasa – Member - Non- Executive Independent Director (Appointed w.e.f. 10th June 2024)

The Chairman of the Group, who also serves as the Managing Director and Ms. Natasha Fonseka, Group Director of Human Capital attend Committee Meetings by invitation. During these meetings, the Committee delved into the intricate relationship between remuneration and the organisation's culture, as well as how our remuneration structures impact our strategic behaviours. A thorough review of our executive remuneration offerings was undertaken with the aim of optimising the structure of our packages to enhance competitiveness.

ACTIVITIES OF THE YEAR

During the year, the HR & Remuneration Committee undertook strategic initiatives to align remuneration practices with the Group's long-term goals. Key efforts focused on addressing high attrition rates due to mass emigration and skill loss within an economically challenged context. Competitive salary adjustments were made to maintain critical workforce retention during periods of hyperinflation. New incentivisation programmes were established to recognise exceptional employee performances against KPIs, fostering a positive corporate culture and enhancing overall engagement levels. These measures collectively sought to bolster the organisation's ability to recruit and retain top talent amidst difficult market circumstances.

OUR REWARD FRAMEWORK

Our Reward Framework serves as a cornerstone in our commitment to aligning remuneration practices with our organisational objectives. Through a meticulous review process, we have customised our policies to address the challenges posed by high labour turnover and economic instability, ensuring that our compensation strategies remain competitive and sustainable. By implementing targeted increments to retain key talent amidst hyperinflation and introducing innovative incentive schemes to recognise exceptional performance, we aim to foster a culture of excellence and engagement within our workforce. This framework not only reinforces our dedication to attracting and retaining top talent but also underscores our ongoing efforts to promote a positive organisational culture that values and rewards achievement.

REMUNERATION PACKAGE OF DIRECTORS

a) Remuneration of Directors

No remuneration is paid to Non- Executive Directors other than the Directors' fees paid based on their participation at Board meetings and other Sub-Committee meetings.

b) Retirement Benefits

Non-Executive Directors are not entitled to retirement benefits.

c) Share Option Plans for Directors

The Company does not have a share option plan for Directors.

d) Personal Loans for Directors

No Director is entitled to Company loans.

HR & REMUNERATION COMMITTEE REPORT

Total fees and remuneration paid to all Directors including the Managing Director and the Chairman are disclosed in Note 18 on page 127 in this report.

THE YEAR AHEAD

The Remuneration Committee remains committed to overseeing the alignment of the remuneration policy with the Group's strategic direction. The Committee's objective is to appropriately incentivise performance in accordance with the Company's business goals, ultimately enhancing shareholder value through sustainable growth.



Prof. A.S. Dharmasiri

*Chairman - HR & Remuneration
Committee*

09 December 2024

Colombo

REPORT OF SENIOR INDEPENDENT DIRECTOR

This report is presented in compliance with the requirement set out in Section 9.6.3 (e) of the revised Listing Rules on Corporate Governance of the Colombo Stock Exchange which came into effect on 01st October 2023. The requirement of appointing a “Senior Independent Director” (SID) to Softlogic Holdings PLC is in accordance with Section 9.6.3 (a) ii of the revised Listing Rules on Corporate Governance of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

ROLE AND RESPONSIBILITIES OF SENIOR INDEPENDENT DIRECTOR

In terms of the role and responsibilities of the SID, the principal role of the SID is to support the Chairman in his role and duties, acting as an intermediary for the Non-Executive Directors and to facilitate the due exercise of the functions of the Chairman with the Non-Executive Directors as and when necessary. The role and the responsibilities vested

on the SID of the Board is relevant in the current context of Corporate Governance regulations, standards, and best practices which are frequently reviewed and revised by regulators.

Senior Independent Director's role is to ensure requisite governance standards are complied with while providing necessary assistance to the Chairman of the Board through discussion and communication between Non-executive and Independent Directors of the Company in addressing matters relevant to the Board as a whole to enhance the overall effectiveness of the Board.



J.D.N. Kekulawala

Senior Independent Director

09 December 2024

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 76 to 81

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 82 to 211 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 50 to the Financial Statements covering contingent liabilities.



A.K. Pathirage

Chairman/Managing Director



H.K. Kaimal

Director

09 December 2024

Colombo

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT



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TO THE SHAREHOLDERS OF SOFTLOGIC HOLDINGS PLC REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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 2024, 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 material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2024, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Material uncertainty related to going concern

We draw attention to Note 5 to the financial statements, which indicate that the Company and Group incurred a loss after tax of Rs. 9,137 Mn and Rs. 15,200 Mn respectively for the year ended 31 March 2024 and as of that date, the Company and Group's current

liabilities exceeded its current assets by Rs. 25,503 Mn and Rs. 76,957 Mn respectively. The reported accumulated losses of the Company and Group amounted to Rs. 13,723 Mn and Rs. 69,594 Mn respectively and the Group reported a negative net assets position of Rs. 30,199 Mn as of the reporting date. These events and conditions indicate that a material uncertainty exists which may cast significant doubt on the Company's and Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the **Material Uncertainty Related to Going Concern** section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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



Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>The Group derived its revenue of Rs. 99,839 Mn from several operating segments as disclosed in Note 13 to the financial statements.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> • Materiality of the reported revenues 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 which contributes 29% to the Group revenue 	<p>Our audit procedures, with the involvement of the component auditors, included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the nature of revenue contracts entered in to by the industry segments of the Group • Assessed whether the accounting policy for revenue recognition for each industry segment has been appropriately applied • Evaluated the design and tested the relevant key controls over revenue recognition. Our procedures included testing the general IT control environment and the relevant key IT application controls relating to the most significant IT systems relevant to revenue • Performed appropriate analytical procedures to understand and assess the reasonableness of the reported revenues • Tested the appropriateness of revenue recognized during the year and particularly towards the year end, by reviewing the relevant supporting documents and performing revenue cut off procedures. <p>We also assessed the adequacy of related disclosures in Note 13 to the financial statements.</p>
<p>Interest Bearing Borrowings</p> <p>As of the reporting date, the Group reported total interest bearing borrowings of Rs. 114,778 Mn, of which Rs. 71,771 Mn was reported as current liabilities and the balance Rs. 43,007 Mn as non-current liabilities, as disclosed in Notes 9.3.3, 39 and 45 to the financial statements.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> • The materiality of the interest-bearing borrowings balance which represents 55% of the Group's total liabilities as of the reporting date; and • The existence of several financial and non-financial covenants, the breach of which could impact the classification of the interest-bearing loans and borrowings in the financial statements. 	<p>Our audit procedures, with the involvement of the component auditors, included the following;</p> <ul style="list-style-type: none"> • Evaluated the design of relevant key controls implemented for recording of borrowings, monitoring, evaluating and timely reporting on covenant compliances in relation to interest bearing borrowings. • Obtained an understanding of the terms and conditions attached to borrowings, by perusing the loan agreements. • Reviewed the Management's statements of compliance with loan covenants and timely reporting and monitoring of covenant compliances in relation to interest bearing loans and borrowings and payment of the loan installments. • Obtained confirmations from financial institutions on outstanding loans and borrowings as at 31 March 2024. • Obtained management's assessment of future cash flows and its plans to meet debt service obligations as per existing contractual arrangements related to bank borrowings and evaluated the appropriateness of significant judgments and reasonableness of assumptions used by management. Our procedures included reviewing all the restructured facility letters from financial institutions. • Assessed the maturity profile of the Group's bank borrowings focusing on the management's plans to meet the debt obligations maturing within the next twelve months and working capital requirements. <p>We also assessed the adequacy and appropriateness of the disclosures made in Notes 9.3.3, 39 and 45 relating to interest bearing borrowings.</p>

INDEPENDENT AUDITOR'S REPORT



Key audit matter	How our audit addressed the key audit matter
<p>Insurance contract liabilities</p> <p>Life insurance contract liabilities amounting to Rs. 27,759 Mn, represent 13% of total liabilities of the Group as at 31 March 2024, and are determined based on an actuarial valuation as described in Note 38 to the financial statements.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> Materiality of the reported life insurance contract liabilities. The degree of management 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. <p>Key areas of significant judgments, estimates and assumptions used in the valuation of the life insurance contract liabilities included the following:</p> <ul style="list-style-type: none"> Determination of assumptions such as mortality rates, morbidity rates, bonus rates, discount rates, persistency ratio and related claim handling expenses as disclosed in Note 38 to the financial statements. 	<p>Our audit procedures, with the involvement of the component auditors, included the following:</p> <ul style="list-style-type: none"> Assessed the competence, capabilities and objectivity of management's actuarial expert involved in the liability valuation process. Performed 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. <p>We also assessed the adequacy of the disclosures in Note 38 to the financial statements.</p>



Key audit matter	How our audit addressed the key audit matter
<p>Allowance for expected credit losses</p> <p>Allowance for expected credit losses amounting to Rs. 4,473 Mn arising from loans and advances of Rs. 12,312 Mn (Note 28 and 32) is determined by the management based on the accounting policies described in Note 32.1.2. These collectively contributed 5% to the Group's total assets.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> • The involvement of significant management judgements, assumptions and level of estimation uncertainty associated in management's expectation of future cash flows to recover such financial assets; and • The materiality of the reported amount of Allowance for expected credit losses and use of complex calculations in its determination <p>Key areas of significant judgements, assumptions and estimates used by management included assumed future occurrence of events and/or transactions and forward-looking macroeconomic scenarios and their associated weightages, which are subject to inherently heightened levels of estimation uncertainty.</p>	<p>Our audit procedures, with the involvement of the component auditors, included the following:</p> <ul style="list-style-type: none"> • 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 design, implementation, and operating effectiveness of controls over estimation of allowance for expected credit losses, 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 reasonableness of the underlying data used in the allowance for expected credit losses computations by cross checking to relevant source documents and accounting records of the relevant subsidiary. • Evaluated the reasonableness of credit quality assessments and related stage classifications. • Assessed the reasonableness of the judgements, assumptions and estimates used by the Management in assumed future occurrence of events and/or transactions including the value and the timing of cash flow forecasts, status of recovery actions of the collaterals, forward-looking macroeconomic scenarios and their associated weightages. • Assessed the adequacy of the related financial statement disclosures set out in Notes 28 and 32 of the financial statements.

INDEPENDENT AUDITOR'S REPORT



Key audit matter	How our audit addressed the key audit matter
<p>Carrying value of ODEL mall project</p> <p>As at 31 March 2024, the Group's statement of financial position includes Other Non- Current Assets amounting to Rs. 15,502 Mn and Other Current Assets of Rs. 2,153 Mn relating to the ODEL mall project, as disclosed in Note 29 and 33 to the financial statements.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> The materiality of the reported balances which collectively amount to Rs. 17,655 Mn and represent 10% of the total assets of the Group, and the possible impairment indicators that may exist due to the heightened costs to complete the project. The degree of significant management assumptions, judgements and estimates associated with deriving. The estimated future cash flows in value-in-use (VIU) calculations used to ascertain the recoverable amount of Other Non-Current assets such as cost to complete the project, forecast occupancy levels, expected profitability and margins, cost, discount rate, revised project timeline and the forecast funding; and Net Realizable Value (NRV) of Apartments – Work in progress included in Other Current Assets; <p>as disclosed in Notes 29 and 33 to the financial statements.</p>	<p>Our audit procedures, with the involvement of the component auditors, included the following:</p> <ul style="list-style-type: none"> Reviewed the project status reports and the certificates issued by the project manager to identify the status of the project and the estimated and actual costs incurred as of reporting date. Performed testing to establish whether capitalized cost met the recognition criteria forth in the accounting policies and applicable accounting standards. Gained an understanding of how management has forecast its discounted future cash flows. Obtained the VIU computation from management and tested calculation of the discounted future cash flows and the completeness and accuracy of the underlying data used. Based on the best available information up to the date of the audit report, we assessed the reasonableness of the significant assumptions, judgements and estimates such as forecast occupancy levels, expected profitability and margins, discount rate, terminal growth rate, operating lease and the forecast funding of the project in cashflow projections to determine the recoverable amount of the project. We also performed a sensitivity analysis of significant assumptions used to evaluate the effect on the value-in-use calculations. Tested NRV of the apartments - work in progress to the selling prices contracted in the project. <p>We also assessed the adequacy of the Group's disclosures in Notes 29 and 33 to the financial statements.</p>

Other Information included in the 2024 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 relevant ethical requirements 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, actions taken to eliminate threats or safeguards applied.

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

Report on other legal and regulatory requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2440.

9 December 2024
Colombo

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulalman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, B Vasanthan ACA ACMA, W D P L Perera ACA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

INCOME STATEMENT

In Rs. '000 For the year ended 31 March	Note	GROUP		COMPANY	
		2024	2023	2024	2023 Restated
Continuing operations					
Revenue from contract with customers		72,230,867	72,515,676	1,000,041	750,593
Revenue from insurance contracts		25,032,614	20,458,558	-	-
Interest income		2,575,690	3,925,136	-	-
Total revenue	13	99,839,171	96,899,370	1,000,041	750,593
Cost of sales		(66,789,512)	(62,803,630)	(388,000)	(402,373)
Gross profit		33,049,659	34,095,740	612,041	348,220
Dividend income	14	-	-	26,060	17,767
Other operating income	15	3,104,553	1,592,436	43,358	25,618
Distribution expenses		(4,056,043)	(4,438,786)	-	-
Administrative expenses		(28,571,639)	(29,398,481)	(4,947,661)	(1,494,914)
Operating profit/ (loss)		3,526,530	1,850,909	(4,266,202)	(1,103,309)
Finance income	16	8,283,779	8,024,438	3,175,998	3,750,675
Finance costs	17	(21,024,373)	(28,951,205)	(8,069,542)	(9,802,087)
Net finance cost		(12,740,594)	(20,926,767)	(4,893,544)	(6,051,412)
Change in insurance contract liabilities	38.2	(3,458,552)	(1,948,266)	-	-
Change in fair value of investment properties	23	36,114	77,486	8,853	117,445
Share of profit of equity accounted investees	26.2	10,043	38,960	-	-
Loss before tax	18	(12,626,459)	(20,907,678)	(9,150,893)	(7,037,276)
Tax expense	19.1.1	(2,573,729)	(2,749,618)	14,329	(74,827)
Loss for the year		(15,200,188)	(23,657,296)	(9,136,564)	(7,112,103)
Attributable to:					
Equity holders of the parent		(18,600,924)	(24,076,881)		
Non-controlling interests		3,400,736	419,585		
		(15,200,188)	(23,657,296)		
Loss per share					
Basic	20	(15.60)	(20.19)		

Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 90 to 211 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

In Rs. '000 For the year ended 31 March	Note	GROUP		COMPANY	
		2024	2023	2024	2023 Restated
Loss for the year		(15,200,188)	(23,657,296)	(9,136,564)	(7,112,103)
Other comprehensive income					
Continuing operations					
Other comprehensive income to be reclassified to income statement in subsequent periods					
Currency translation of foreign operations		6,905	5,740	-	-
Net change in fair value on derivative financial instruments	39.5	1,344,225	(256,113)	-	-
Net gain/ (loss) on financial instruments at fair value through other comprehensive income		247,482	(418,344)	-	-
Net other comprehensive profit/ (loss) to be reclassified to income statement in subsequent periods		1,598,612	(668,717)	-	-
Other comprehensive income not to be reclassified to income statement in subsequent periods					
Revaluation of land and buildings	21.1	1,571,553	5,197,040	-	-
Re-measurement gain/ (loss) on employee benefit liabilities	41	(192,149)	387,312	2,555	42,934
Share of other comprehensive income/ (loss) of equity accounted investments (net of tax)	26.2	(1,065)	849	-	-
Net gain/ (loss) on equity instruments at fair value through other comprehensive income		583,292	(282,073)	2,742,359	(2,583,987)
Tax on other comprehensive income not to be reclassified to income statement in subsequent periods	19.2.1	(228,169)	(3,682,992)	1,244,851	(4,355,387)
Net other comprehensive income/ (loss) not to be reclassified to income statement in subsequent periods		1,733,462	1,620,136	3,989,765	(6,896,440)
Other comprehensive income/ (loss) for the year, net of tax		3,332,074	951,419	3,989,765	(6,896,440)
Total comprehensive loss for the year, net of tax		(11,868,114)	(22,705,877)	(5,146,799)	(14,008,543)
Attributable to:					
Equity holders of the parent		(16,239,237)	(23,624,016)		
Non-controlling interests		4,371,123	918,139		
		(11,868,114)	(22,705,877)		

Figures in brackets indicate deductions.

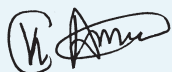
The accounting policies and notes as set out in pages 90 to 211 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

In Rs. '000 As at 31 March	Note	GROUP		COMPANY		
		2024	2023	2024	2023 Restated	2022 Restated
Assets						
Non-current assets						
Property, plant and equipment	21	60,871,989	60,085,087	61,081	83,444	83,922
Right of use assets	22.1	7,278,003	7,792,774	190,993	215,967	243,576
Investment properties	23	2,288,637	2,252,523	1,053,200	1,057,150	939,705
Intangible assets	24	7,940,863	8,180,461	-	1,365	1,833
Investments in subsidiaries	25	-	-	84,761,805	76,984,794	79,540,310
Investments in equity accounted investees	26	20,013	64,083	9,750	41,000	41,000
Non-current financial assets	27	34,289,696	33,421,420	-	1,562,784	1,658,170
Rental receivable on lease assets and hire purchase	28.1	3,590,305	7,094,383	-	-	-
Other non-current assets	29	16,376,875	15,757,032	-	-	-
Deferred tax assets	19.2.2	3,386,539	2,737,200	-	-	-
		136,042,920	137,384,963	86,076,829	79,946,504	82,508,516
Current assets						
Inventories	30	8,482,536	8,934,451	-	281	-
Trade and other receivables	31	9,459,759	8,273,753	885,301	713,091	2,307,010
Loans and advances	32	3,730,950	7,756,234	-	-	-
Rental receivable on lease assets and hire purchase	28.2	408,235	726,455	-	-	-
Amounts due from related parties	47.1	100,643	109,933	13,148,847	16,539,914	15,235,917
Other current assets	33	6,332,923	5,575,998	212,487	87,163	98,113
Short term investments	34	10,300,195	10,214,957	92,768	119,368	784,846
Cash in hand and at bank	35	4,340,269	5,260,169	6,702	1,564,616	1,485,572
		43,155,510	46,851,950	14,346,105	19,024,433	19,911,458
Total assets		179,198,430	184,236,913	100,422,934	98,970,937	102,419,974
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)		(69,593,779)	(51,548,609)	(13,723,532)	(4,588,757)	2,493,292
Other components of equity	37	9,200,410	7,351,222	45,412,911	41,424,935	48,351,429
		(48,274,134)	(32,078,152)	43,808,614	48,955,413	62,963,956
Non-controlling interests		18,074,203	14,206,292	-	-	-
Total equity		(30,199,931)	(17,871,860)	43,808,614	48,955,413	62,963,956

In Rs. '000 As at 31 March	Note	GROUP		COMPANY		
		2024	2023	2024	2023 Restated	2022 Restated
Non-current liabilities						
Insurance contract liabilities	38	27,759,130	24,462,094	-	-	-
Interest bearing borrowings	39	43,007,411	42,901,064	10,367,289	4,832,557	5,590,856
Lease liabilities	22.2	5,620,464	5,595,958	169,540	184,975	203,879
Public deposits	40	2,188,492	3,094,921	-	-	-
Deferred tax liabilities	19.2.2	7,856,963	6,997,084	6,080,191	7,339,371	2,919,159
Employee benefit liabilities	41	2,068,555	1,556,994	148,411	127,678	140,555
Other deferred liabilities	42	31,955	146	-	-	-
Other non-current financial liabilities	43	752,885	777,906	-	-	-
		89,285,855	85,386,167	16,765,431	12,484,581	8,854,449
Current liabilities						
Trade and other payables	44	24,115,829	20,411,053	3,308,925	2,000,252	188,140
Amounts due to related parties	47.2	28,919	28,919	211,769	55,229	49,171
Income tax liabilities	19.1.4	2,959,644	1,871,190	-	-	-
Other current financial liabilities	45	46,381,548	53,328,649	24,931,767	26,148,729	22,674,666
Current portion of interest bearing borrowings	39	25,388,578	18,129,698	10,314,172	8,856,901	7,438,756
Current portion of lease liability	22.2	1,821,314	1,896,051	36,595	38,356	37,495
Other current liabilities	46	4,815,949	2,338,659	975,565	195,270	63,012
Public deposits	40	5,292,880	9,335,694	-	-	-
Bank overdrafts	35	9,307,845	9,382,693	70,096	236,206	150,329
		120,112,506	116,722,606	39,848,889	37,530,943	30,601,569
Total liabilities		209,398,361	202,108,773	56,614,320	50,015,524	39,456,018
Total equity and liabilities		179,198,430	184,236,913	100,422,934	98,970,937	102,419,974

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

09 December 2024
Colombo

Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 90 to 211 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	Non-distributable regulatory loss allowance reserve	Revaluation reserve	Foreign currency translation reserves
As at 01 April 2022	12,119,235	309,613	-	12,448,948	(141,749)
Profit/ (loss) for the year	-	-	-	-	-
Other comprehensive income/ (loss)	-	-	-	878,712	5,035
Revaluation reserve reclassified to retained earnings	-	-	-	(16,277)	-
Equity investments at FVOCI reclassified to retained earnings	-	-	-	-	-
Total comprehensive income/ (loss)	-	-	-	862,435	5,035
Transfer to non-distributable regulatory loss allowance reserve	-	-	1,289,904	-	-
Share issue expenses	-	-	-	-	-
Changes in ownership interest in subsidiaries	-	-	-	-	-
Subsidiary dividend to non-controlling interest	-	-	-	-	-
As at 31 March 2023	12,119,235	309,613	1,289,904	13,311,383	(136,714)
Profit/ (loss) for the year	-	-	-	-	-
Other comprehensive income/ (loss)	-	-	-	780,956	6,266
Revaluation reserve reclassified to retained earnings	-	-	-	(694,700)	-
Equity investments at FVOCI reclassified to retained earnings	-	-	-	-	-
Total comprehensive income/ (loss)	-	-	-	86,256	6,266
Transfer to non-distributable regulatory loss allowance reserve	-	-	(9,393)	-	-
Share issue expenses	-	-	-	-	-
Changes in ownership interest in subsidiaries	-	-	-	-	-
Subsidiary dividend to non-controlling interest	-	-	-	-	-
As at 31 March 2024	12,119,235	309,613	1,280,511	13,397,639	(130,448)

COMPANY

In Rs. '000	Stated capital	Attributable to equity holders of parent		
		Fair value reserve of financial assets at FVOCI	Retained earnings/ accumulated losses	Total equity
As at 01 April 2022	12,119,235	(24,700)	2,271,716	14,366,251
Impact of policy change - Note 49	-	48,376,129	221,576	48,597,705
As at 01 April 2022 - Restated	12,119,235	48,351,429	2,493,292	62,963,956
Loss for the year	-	-	(7,112,103)	(7,112,103)
Other comprehensive income/ (loss)	-	(6,926,494)	30,054	(6,896,440)
Total comprehensive loss	-	(6,926,494)	(7,082,049)	(14,008,543)
As at 31 March 2023 - Restated	12,119,235	41,424,935	(4,588,757)	48,955,413
Loss for the year	-	-	(9,136,564)	(9,136,564)
Other comprehensive income	-	3,987,976	1,789	3,989,765
Total comprehensive income/ (loss)	-	3,987,976	(9,134,775)	(5,146,799)
As at 31 March 2024	12,119,235	45,412,911	(13,723,532)	43,808,614

Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 90 to 211 form an integral part of these financial statements.

Fair value reserve of financial assets at FVOCI	Attributable to equity holders of parent				Total	Non- controlling interests	Total equity
	Statutory reserve fund	Other reserves	Cash flow hedge reserve	Accumulated losses			
(1,339,562)	263,436	(1,670,898)	(4,025,654)	(26,397,403)	(8,434,034)	14,031,498	5,597,464
-	-	-	-	(24,076,881)	(24,076,881)	419,585	(23,657,296)
(220,355)	-	-	(417,977)	207,450	452,865	498,554	951,419
-	-	-	-	16,277	-	-	-
6,934	-	-	-	(6,934)	-	-	-
(213,421)	-	-	(417,977)	(23,860,088)	(23,624,016)	918,139	(22,705,877)
-	-	-	-	(1,289,904)	-	-	-
-	-	-	-	(1,214)	(1,214)	(432)	(1,646)
-	-	(18,888)	-	-	(18,888)	(2,037)	(20,925)
-	-	-	-	-	-	(740,876)	(740,876)
(1,552,983)	263,436	(1,689,786)	(4,443,631)	(51,548,609)	(32,078,152)	14,206,292	(17,871,860)
-	-	-	-	(18,600,924)	(18,600,924)	3,400,736	(15,200,188)
331,457	-	-	1,343,054	(100,046)	2,361,687	970,387	3,332,074
-	-	-	-	694,700	-	-	-
37,998	-	-	-	(37,998)	-	-	-
369,455	-	-	1,343,054	(18,044,268)	(16,239,237)	4,371,123	(11,868,114)
-	-	-	-	9,393	-	-	-
-	-	-	-	(10,295)	(10,295)	(5,901)	(16,196)
-	-	53,550	-	-	53,550	283,884	337,434
-	-	-	-	-	-	(781,195)	(781,195)
(1,183,528)	263,436	(1,636,236)	(3,100,577)	(69,593,779)	(48,274,134)	18,074,203	(30,199,931)

STATEMENT OF CASH FLOWS

In Rs. '000 For the year ended 31 March	Note	GROUP		COMPANY	
		2024	2023	2024	2023
Cash flows from/ (used in) operating activities					
Loss before tax from continuing operations		(12,626,459)	(20,907,678)	(9,150,893)	(7,037,276)
Adjustments for:					
Finance income	16	(8,283,777)	(8,024,438)	(3,175,998)	(3,750,675)
Dividend income	14	-	-	(26,060)	(17,767)
Finance cost	17	21,024,373	28,951,205	8,069,542	9,802,087
Change in fair value of investment property	23	(36,114)	(77,486)	(8,853)	(117,445)
Gain on bargain purchases	15	(1,531,814)	-	-	-
Share of (profit)/ loss of equity accounted investees	26.2	(10,043)	(38,960)	-	-
Gratuity provision and related cost	41	533,503	439,528	39,567	32,180
Provisions for/ write-off of impaired receivables		103,959	92,420	4,161,499	997,600
Provisions for/ write-off of inventories	30.1	578,243	58,612	-	-
Provisions for/ write-off of other non current assets		767,433	-	-	-
Provisions for/ write-off of loans and advances	9.1.8.2	509,592	1,351,242	-	-
Provisions for/ write-off of investments in lease and hire purchase	9.1.14.2	(131,026)	289,151	-	-
Depreciation of property, plant and equipment	21	3,920,398	3,783,680	29,268	26,171
Profit on sale of property, plant and equipment and right of use assets	15	(89,304)	(41,187)	(12,331)	-
Profit on sale of investments	15	-	-	-	-
Loss on sale of Investment property		-	-	11,703	-
Impairment of investments		540,896	2,940,895	31,250	-
Amortisation/ impairment of intangible assets	24	292,568	308,693	1,367	4,694
Amortisation of right of use assets	22.1	2,218,358	1,820,188	49,805	50,718
Impairment and derecognition of property, plant & equipment and right of use assets		9,796	23,520	-	-
Operating profit/ (loss) before working capital changes		7,790,582	10,969,385	19,866	(9,713)
(Increase)/ decrease in inventories		253,354	3,224,867	281	(281)
(Increase)/ decrease in trade and other receivables		(1,251,660)	1,139,696	(358,184)	1,593,922
(Increase)/ decrease in loans and advances		4,368,539	(916,511)	-	-
(Increase)/ decrease in investments in lease and hire purchase		3,953,325	3,152,896	-	-
(Increase)/ decrease in other current assets		(803,434)	357,834	(125,325)	10,950
(Increase)/ decrease in amounts due from related parties		9,290	1,792,525	(937,463)	(2,206,302)
Increase/ (decrease) in trade and other payables		4,185,246	(8,076,980)	1,308,672	1,812,113
Increase/ (decrease) in amounts due to related parties		-	-	158,153	6,058
Increase/ (decrease) in other current liabilities		2,380,615	(60,413)	780,294	132,257
Increase/ (decrease) in deferred income		47,792	16,402	-	-
Increase/ (decrease) in public deposits		(4,949,243)	(3,151,391)	-	-
Increase in insurance contract liabilities		3,297,037	1,902,970	-	-
Cash generated from/ (used in) operations		19,281,443	10,351,280	846,294	1,339,004
Finance income received		7,309,866	8,203,408	92,791	3,737,076
Finance expenses paid		(17,844,140)	(24,117,607)	(1,898,915)	(8,801,524)
Dividends received		30,000	20,000	26,060	17,767
Tax paid		(2,003,199)	(1,308,887)	-	(10,001)
Gratuity paid	41	(274,238)	(206,360)	(17,892)	(2,033)
Net cash flow from/ (used in) operating activities		6,374,277	(7,058,166)	(951,662)	(3,719,711)

In Rs. '000	Note	GROUP		COMPANY	
For the year ended 31 March		2024	2023	2024	2023
Cash flows from/ (used in) investing activities					
Purchase and construction of property, plant and equipment	21	(2,166,982)	(3,986,836)	(8,435)	(25,693)
Addition to intangible assets	24	(56,103)	(27,800)	-	(4,226)
Increase in other non-current assets		(1,357,701)	(2,287,922)	-	-
(Purchase)/ disposal of short term investments (net)		(209,947)	3,879,944	-	4,300
Dividends received		65,304	153,783	-	-
(Purchase)/ disposal of non-current financial assets		(116,180)	(12,296,084)	-	-
Acquisition of business, net of cash acquired	8.1	(209,766)	-	-	-
Proceeds from disposal of investment property		-	-	1,100	-
Proceeds from sale of property, plant and equipment		1,108,703	141,409	13,859	-
Net cash flow used in investing activities		(2,942,672)	(14,423,506)	6,524	(25,619)
Cash flows from/ (used in) financing activities					
Proceeds from shareholders with non-controlling interest on issue of shares in subsidiaries		103	2,374	-	-
Direct cost on issue of shares		(16,197)	(1,646)	-	-
Dividend paid to non-controlling interest		(789,009)	(1,406,972)	-	-
Increase in interest in subsidiaries		(12,677)	(33,085)	(9,052)	(32,771)
Proceeds from long term borrowings		4,291,225	11,092,410	10,512,161	4,405,627
Repayment of long term borrowings		(6,990,123)	(9,236,363)	(4,011,239)	(4,721,736)
Repayment of lease liabilities		(2,897,291)	(2,610,230)	(67,090)	(65,761)
Decrease in other non-current financial liabilities		(25,020)	39,077	-	-
Proceeds from/ (repayment of) other current financial liabilities (net)		1,000,594	15,649,820	(6,871,446)	3,474,063
Net cash flow from financing activities		(5,438,395)	13,495,385	(446,666)	3,059,422
Net increase/ (decrease) in cash and cash equivalents					
Cash and cash equivalents at the beginning		4,636,628	12,620,733	1,328,410	2,014,318
Effect of exchange rate changes		1,915	2,182	-	-
Cash and cash equivalents at the end		2,757,208	4,636,628	(63,394)	1,328,410
Analysis of cash and cash equivalents					
Favourable balances					
Cash in hand and at Bank	35	4,340,269	5,260,169	6,702	1,564,616
Short term investments	34	7,724,784	8,759,152		-
Unfavourable balances					
Bank overdrafts	35	(9,307,845)	(9,382,693)	(70,096)	(236,206)
Cash and cash equivalents		2,757,208	4,636,628	(63,394)	1,328,410

Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 90 to 211 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 2002/2003.

Consolidated financial statements

The Financial Statements for the year ended 31 March 2024, 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 2024 were authorised for issue by the Board of Directors on 09 December 2024.

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” of 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 (hereinafter 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, warehouse management facilities, facilitating funding requirements and 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 value through profit or loss financial assets, derivative financial instruments and fair value 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 and Asiri Port City Hospital (Private) Limited which was established under the Colombo Port City Economic Commission.

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

The following subsidiaries are used 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 Port City Hospital (Pvt) Ltd	Sri Lanka	United States Dollar (USD)

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

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'.

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,
- 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,
- 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 except for entities incorporated outside Sri Lanka and Asiri Port City Hospital (Pvt) Ltd which was established under the Colombo Port City Economic Commission. 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 is subsequently valued at fair value in keeping with the recognition of gains or losses on other fair value items.

Foreign operations

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

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

The Group treated goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on 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 31-03-2024	Income statement 31-03-2024
Australian Dollar	196.91	209.41
Singapore Dollar	223.63	236.49
United States Dollar	301.29	317.97

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 Company and Group incurred a loss after tax of Rs. 9,137 Mn (2023 - Rs. 7,112 Mn) and Rs. 15,200 Mn (2023 - Rs. 23,657 Mn) respectively for the year ended 31 March 2024 and as of that date, the Company and Group's current liabilities exceeded its current assets by Rs. 25,503 Mn (2023 - Rs. 18,506 Mn) and Rs. 76,957 Mn (2023 - Rs. 69,871 Mn) respectively. The reported accumulated losses of the Company and Group amounted to negative Rs. 13,724 Mn (2023 Rs. 4,589 Mn - restated) and Rs. 69,594 Mn (2023 - Rs. 51,549 Mn) and the Group reported a negative net assets position of Rs. 30,199 Mn as of the reporting date.

These events and conditions indicate that a material uncertainty exists that may cast significant challenges on the Company and Group's ability to continue as a going concern. A detailed assessment has been done by the directors based on which several measures have also been approved by the board as summarised below in carrying out the directors assessment of the Company and Group's ability to continue as a going concern.

Company and Group's Performance

The losses incurred in the 2023 were mainly due to the impact of increase in borrowing rates, devaluation of the rupee and import restrictions. With the reduction in market interest rates the Company and Group's finance cost reduced significantly in 2024.

The respective finance cost reduction are as follows Rs. 1,732 Mn Company and Rs. 4,229 Mn Group. The continuous depreciation of the Sri Lankan Rupee in the financial year 2022/23 resulted in a net exchange loss of Rs. 3,962 Mn for the Group. With the stabilisation of the Rupee the exchange loss has reduced by Rs.3,698 Mn to Rs. 264 Mn during 2024. The impact on the impairment of International Sovereign Bonds amounted to Rs. 2,940 Mn in FY 2023. No further increase in provision was recorded this year. Further, the impact from restrictions on importation, inflation and socio-economic instability in the country has improved resulting in improved performance in the following sectors.

	Profit Before tax 2024 Rs. Mn	Profit before Tax 2023 Rs. Mn
Healthcare sector	Rs. 4,349 Mn	Rs. 3,195 Mn
Life Insurance	Rs. 3,190 Mn	Rs. 2,805 Mn

The retail and leisure sectors contributed to the highest losses during 2024. The retail sector contributed to a loss of Rs. 13,949 Mn (2023 Rs.11,072 Mn). Lack of working capital funding hindered the performance of the retail sector. The leisure sectors contributed to a loss of Rs. 2,488 Mn (Rs. 3,335 Mn) during 2024. With a view to improving performance of the leisure sectors the management of both the hotels was transferred to a new operator, Minor group during the first and second quarter of 2025.

Company and Group's Current Liabilities

The Company and Group's short-term borrowings and current portion of long/medium term loans as at 31 March 2024 amount to Rs. 35,246 Mn (2023 - Rs. 35,006 Mn) and Rs. 71,770 Mn (2023 - Rs. 71,458 Mn) respectively. The Company and Group also reported bank overdrafts of Rs. 70 Mn (2023 - Rs. 236 Mn) and Rs. 9,307 Mn (2023 - Rs. 9,382 Mn) and trade and other payables of Rs. 3,309 Mn and Rs. 24,116 Mn (2023 - Rs. 20,411 Mn) as at 31 March 2024 respectively.

The Directors have made an assessment of the Company and Group's ability to service its current liabilities including renegotiating the debt repayment plans with the lending institutions and restructuring the debts, evaluating alternative sources of financing and infusion of funds into the business through equity financing and disposal of identified strategic investments and properties as detailed in (1) to (7) below.

Management Strategies - the Company and the Group

The management identified the following strategies during 2023 to mitigate the net current liability position.

Management strategies	Actions already implemented and planned
1. Renegotiation of debt repayment plans with the lending institutions and restructuring the debts	<p>New offer letters were signed/received for loans amounting to Rs. 17,749 Mn during 2023/2024 and Rs. 25,706 Mn between the year-end date and reporting date. As disclosed in Note 52.9, the Group has obtained 6, 12 and 18-month, grace periods in capital enabling the Group to minimise the cash outflows on its financing activities.</p> <p>Interest rebates have been received for above Rs. 1.00 Bn in 2023/2024.</p> <p>As of the issue date of this report the Group has further submitted loan restructure requests letters amounting to Rs 13,349 Mn to financial institutions that are pending respective Credit Committee approvals. The Group has secured General Financial Support Letters amounting to Rs. 7,299 Mn from such financial institutions where restructure requests letters are pending Credit Committee approvals.</p> <p>In the leisure sector, the Group is in discussion with one financial institution to take over the debt of another financial institution for a reduced full and final settlement.</p>
2) Raise USD 100Mn to an overseas related entity to buy the current Softlogic Holdings PLC stake in a profitable subsidiary	<p>Currently the Board is working with a few overseas banks to raise debt/capital. It is also negotiating with a local bank to settle the USD 63.8 Mn equivalent in releasing the shares pledged by the Group. The Group with have total debt restructuring post this transaction.</p> <p>Alternately, there is also ongoing discussions with an investor to sell a significant non-controlling stake in the same profitable subsidiary.</p>
3) Disposal of some of the identified strategic investments and phase out from certain sectors of the Group	<p>The Board has been actively engaged in discussions with potential buyers/investors for the leisure sector and intends to continue their efforts in 2024/2025. A new operator, Minor group was appointed to manage both hotel properties from the first and second quarter of 2025.</p>
4) Equity infusion- Softlogic Holding PLC	<p>The Board expects to further raise up to Rs. 6,417 Mn by way of Equity by 31 March 2025 as resolved by the Board of Directors of the Company and announced to the Colombo Stock Exchange on 7 March 2024, as follows.</p> <ol style="list-style-type: none"> Shareholders have subscribed to the rights issue and the Company raised Rs 2.027 Mn during September 2024 To raise up to Rs. 1,277 Mn by issuing warrants attached to the rights shares subscribed exercisable in December 2024. To raise remaining equity of up to Rs. 5,140 Mn in a manner to be decided by the Board of Directors of the Company upon completion of aforesaid item No. (b) subject to obtaining the regulatory approvals as applicable. <p>The funds raised through the rights issue and issue of warrants attached to rights shares subscribed will be utilised to settle the debt of the Company/Group and for the working capital requirements of the Company/Group.</p> <p>Mr. Asoka Kariyawasam Pathirage and Samena Ceylon Holdings Limited being major shareholders of the Company have indicated that they will subscribe to their entire entitlement of rights together with the exercise of Warrants in December 2024. In the event of raising remaining equity of up to Rs. 5,140 Mn in a rights issues, the aforesaid two major shareholders, have further indicated that they will also subscribe for their related full entitlement.</p>
5) Implementing cost control and rationalisation plans	<p>The Group is implementing cost controls and rationalisations, and improving working capital management across all business segments within the Group. The Group closely monitors actual financial performance across all business segments against the board-approved budget and is satisfied with the latest financial performance reported by the Group.</p>
6) Implementing aggressive marketing strategies to attract and enhance both international and domestic customer foot fall	<p>The Group is also implementing attractive dis-count schemes, Customer loyalty programs and other promotional activities in Retail and Healthcare sector companies. These initiatives are targeted at improving sales growth and enhancing margins. Management's 12 months cash flow forecast considers the key driver of sales in the next 12 months to be the introduction of an international brand to ODEL PLC, a subsidiary of the Group. Increased revenue from existing brands of the subsidiary collectively amounting to over Rs. 4 Bn.</p>
7) Long term financing for Odel Mall	<p>As detailed in Note 29.3.3 to the financial statements, Management intends to raise Rs 19.35Bn funding to complete the construction of the ODEL mall.</p>

NOTES TO THE FINANCIAL STATEMENTS

Having evaluated the outlook for each business segment of the Group and coupled with the implementation of the initiatives/plans stated under points (1) to (7) above, the Directors are satisfied that the Company and the Group 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 & equipment
- Recognition of right of use assets
- Valuation of investment property
- Valuation of intangible assets
- Valuation of investment in subsidiaries
- 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 & higher purchase receivables
- Segregation of work-in-progress - Odel Mall Project

6 CHANGES IN ACCOUNTING STANDARDS

There are no significant changes to the accounting standards for the financial year under review except for the adoption of fair value measurement of investment in subsidiaries.

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 2023. 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 26.

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	Asiri Hospital Holdings PLC		Healthcare Service Asiri Surgical Hospital PLC		Central Hospital Ltd	
	2024	2023	2024	2023	2024	2023
Summarised income statement for the year ended 31 March						
Revenue	12,376,923	10,477,629	5,983,068	5,082,833	7,330,627	6,626,055
Other income	133,766	124,923	(1,851)	89,435	62,027	62,159
Operating expenses	(9,293,690)	(7,647,699)	(5,195,982)	(4,315,213)	(5,933,789)	(5,261,192)
Finance income	168,436	184,648	766,590	1,219,653	1,014,873	1,443,399
Finance expenses	(2,809,453)	(3,905,820)	(663,512)	(989,568)	(746,849)	(1,164,744)
Profit/ (loss) before tax	575,982	(766,319)	888,313	1,087,140	1,726,889	1,705,677
Tax expense	(141,174)	(215,417)	(408,962)	(629,041)	(361,687)	(349,117)
Profit/ (loss) for the year	434,808	(981,736)	479,351	458,099	1,365,202	1,356,560
Other comprehensive income/ (loss)	(205,228)	56,163	243,210	278,765	780,990	923,158
Total comprehensive income/ (loss)	229,580	(925,573)	722,561	736,864	2,146,192	2,279,718
Profit /(loss) attributable to material NCI	192,845	(429,079)	301,884	261,449	607,570	613,857
Summarised statement of financial position as at 31 March						
Current assets	2,735,585	2,281,943	5,960,403	5,568,272	3,735,023	2,594,337
Non-current assets	27,843,032	28,396,513	7,305,488	7,435,657	15,318,408	13,909,250
Total assets	30,578,617	30,678,456	13,265,891	13,003,929	19,053,431	16,503,587
Current liabilities	9,459,771	13,350,139	4,446,228	4,571,349	5,858,586	5,442,948
Non-current liabilities	11,217,474	7,656,526	2,271,733	2,607,212	1,749,416	1,761,403
Total liabilities	20,677,245	21,006,665	6,717,961	7,178,561	7,608,002	7,204,351
Effective holding % owned by NCI	44.35	44.35	55.50	55.50	44.50	44.50
Accumulated balance of material NCI	4,391,442	4,289,619	3,634,341	3,233,293	5,093,676	4,138,534
Summarised cash flow information for the year ended 31 March						
Cash flows from/ (used in) operating activities	1,759,426	618,595	(3,861)	384,070	1,435,480	1,508,576
Cash flows from/ (used in) investing activities	111,900	821,709	843,149	(783,653)	(832,763)	(825,423)
Cash flows from/ (used in) financing activities	(1,905,850)	(1,694,967)	(771,989)	40,845	(401,442)	(236,559)
Net increase/ (decrease) in cash and cash equivalents	(34,524)	(254,663)	67,299	(358,738)	201,275	446,594

NOTES TO THE FINANCIAL STATEMENTS

In Rs. '000	Financial Services			
	Softlogic Finance PLC		Softlogic Life Insurance PLC	
	2024	2023	2024	2023
Summarised income statement for the year ended 31 March				
Revenue	2,575,899	3,925,424	25,032,614	20,458,558
Other income	143,708	273,504	9,269	10,046
Operating expenses	(4,445,206)	(7,140,422)	(24,878,366)	(22,294,632)
Change in insurance contract liabilities	-	-	(3,458,552)	(1,948,266)
Finance income	180	240	7,917,742	7,134,522
Finance expenses	(51,318)	(53,949)	(1,050,123)	(555,620)
Profit/ (loss) before tax	(1,776,737)	(2,995,203)	3,572,584	2,804,608
Tax expense	-	-	(382,203)	(1,448,545)
Profit/ (loss) for the year	(1,776,737)	(2,995,203)	3,190,381	1,356,063
Other comprehensive income/ (loss)	(406)	17,979	711,307	(654,268)
Total comprehensive income/ (loss)	(1,777,143)	(2,977,224)	3,901,688	701,795
Profit/ (loss) attributable to material NCI	(442,841)	(810,641)	1,912,411	723,830
Dividend paid to NCI	-	-	842,947	786,752
Summarised statement of financial position as at 31 March				
Current assets	6,482,779	12,560,040	15,257,585	12,427,779
Non-current assets	4,808,049	9,622,776	36,515,816	33,614,212
Total assets	11,290,828	22,182,816	51,773,401	46,041,991
Current liabilities	6,234,808	9,471,815	4,868,024	6,360,375
Non-current liabilities	2,267,122	10,474,954	34,138,697	30,737,057
Total liabilities	8,501,930	19,946,769	39,006,721	37,097,432
Effective holding % owned by NCI	24.92	26.25	59.94	59.94
Accumulated balance of material NCI	695,116	586,917	7,652,733	5,361,639
Summarised cash flow information for the year ended 31 March				
Cash flows from/ (used in) operating activities	3,609,941	(2,903,942)	2,673,359	1,355,092
Cash flows from investing activities	338,559	78,966	(390,061)	465,442
Cash flows from/ (used in) financing activities	(4,095,592)	2,897,286	(1,772,506)	(1,347,626)
Net increase/ (decrease) in cash and cash equivalents	(147,092)	72,310	510,792	472,908

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.

NOTES TO THE FINANCIAL STATEMENTS

8.1 Obtaining control of subsidiaries

FY 2023/24

In September 2023, Softlogic Retail Holdings Ltd, a subsidiary of Softlogic Holdings PLC acquired 100.00% ordinary shares of Footwear Retailer (Pvt) Ltd and it became a subsidiary of the Group.

FY 2022/23

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

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

In Rs. '000		
For the year ended 31 March	Note	2024
Property, plant and equipment	21.1	1,977,518
Right of use assets	22.1	171,094
Other non current assets		29,578
Inventories		557,898
Trade and other receivables		38,297
Other current assets		309
Cash in hand and at bank		71,712
Interest bearing borrowings	39.1	(24,375)
Deferred tax liabilities	19.2.2	(528,934)
Employee benefit liabilities	41	(60,147)
Lease liability	22.2	(232,124)
Trade and other payables		(76,025)
Income tax liabilities	19.1.4	(15,517)
Other current liabilities		(95,992)
Bank overdrafts		(13,475)
Net identifiable assets		1,799,817
Gain on bargain purchases		(1,531,814)
		268,003
Total purchase price paid		
Cash consideration		268,003
Cash at bank and in hand acquired		(58,237)
		209,766

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 for 91,895 contracts (2023 - 103,499 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 2024	Note	Non-current investments	Loans and advances	Rental receivable on leased assets & hire purchases
Government securities	9.1.4	25,900,508	-	-
Corporate debt securities	9.1.5	5,353,585	-	-
Deposits with banks and Unit Trusts	9.1.6	7,531	-	-
Loans to executives	9.1.7	3,604	-	-
Loans and advances	9.1.8	-	3,839,143	-
Policyholders loans	9.1.9	-	328,870	-
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	-	-	3,998,540
Cash in hand and at bank	9.1.15	-	-	-
Total credit risk exposure		31,265,228	4,168,013	3,998,540
Financial assets at fair value through profit or loss	9.2.3.1	-	-	-
Financial assets at fair value through OCI	9.2.3.1	2,587,405	-	-
Total equity risk exposure		2,587,405	-	-
Total		33,852,633	4,168,013	3,998,540

Risk Exposure - Group

In Rs. '000 As at 31 March 2023	Note	Non-current investments	Loans and advances	Rental receivable on leased assets & hire purchases
Government securities	9.1.4	22,748,874	-	-
Corporate debt securities	9.1.5	7,407,086	-	-
Deposits with banks and Unit Trusts	9.1.6	249,998	-	-
Loans to executives	9.1.7	3,700	-	-
Loans and advances	9.1.8	-	8,836,676	-
Policyholders loans	9.1.9	-	274,514	-
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	-	-	7,820,838
Cash in hand and at bank	9.1.15	-	-	-
Total credit risk exposure		30,409,658	9,111,190	7,820,838
Financial assets at fair value through profit or loss	9.2.3.1	-	-	-
Financial assets at fair value through OCI	9.2.3.1	1,656,806	-	-
Total equity risk exposure		1,656,806	-	-
Total		32,066,464	9,111,190	7,820,838

Cash in hand and at bank	Trade and other receivables	Short term investments	Amounts due from related parties	Total	% of allocation
-	-	1,446,743	-	27,347,251	43.04
-	-	3,109,895	-	8,463,480	13.32
-	-	5,650,228	-	5,657,759	8.90
-	33,881	-	-	37,485	0.06
-	-	-	-	3,839,143	6.04
-	-	-	-	328,870	0.52
-	7,506,867	-	-	7,506,867	11.81
-	1,328,267	-	-	1,328,267	2.09
-	590,744	-	-	590,744	0.93
-	-	-	100,643	100,643	0.16
-	-	-	-	3,998,540	6.29
4,340,269	-	-	-	4,340,269	6.84
4,340,269	9,459,759	10,206,866	100,643	63,539,318	100.00
-	-	-	-	-	-
-	-	93,329	-	93,329	3.48
-	-	-	-	2,587,405	96.52
-	-	93,329	-	2,680,734	100.00
4,340,269	9,459,759	10,300,195	100,643	66,220,052	

Cash in hand and at bank	Trade and other receivables	Short term investments	Amounts due from related parties	Total	% of allocation
-	-	3,942,414	-	26,691,288	37.56
-	-	2,319,600	-	9,726,686	13.68
-	-	3,833,067	-	4,083,065	5.74
-	119,817	-	-	123,517	0.17
-	-	-	-	8,836,676	12.43
-	-	-	-	274,514	0.39
-	6,051,128	-	-	6,051,128	8.51
-	1,390,119	-	-	1,390,119	1.96
-	712,689	-	-	712,689	1.00
-	-	-	109,933	109,933	0.16
-	-	-	-	7,820,838	11.00
5,260,169	-	-	-	5,260,169	7.40
5,260,169	8,273,753	10,095,081	109,933	71,080,622	100.00
-	-	-	-	-	-
-	-	15,276	-	15,276	0.86
-	-	104,600	-	1,761,406	99.14
-	-	119,876	-	1,776,682	100.00
5,260,169	8,273,753	10,214,957	109,933	72,857,304	

NOTES TO THE FINANCIAL STATEMENTS

Risk Exposure - Company

In Rs. '000 As at 31 March 2024	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	-	-	-	-	-	-	-
Loans to executives	9.1.7	-	-	10,815	-	-	10,815	0.08
Trade receivables	9.1.10	-	-	836,874	-	-	836,874	5.96
Other receivables	9.1.11	-	-	37,612	-	-	37,612	0.27
Amounts due from related parties	9.1.13	-	-	-	-	13,148,847	13,148,847	93.64
Cash in hand and at bank	9.1.15	-	6,702	-	-	-	6,702	0.05
Total credit risk exposure		-	6,702	885,301	-	13,148,847	14,040,850	100.00
Financial assets at fair value through profit or loss	9.2.3.1	-	-	-	92,768	-	92,768	100.00
Financial assets at fair value through OCI	9.2.3.1	-	-	-	-	-	-	-
Total equity risk exposure		-	-	-	92,768	-	92,768	100.00
Total		-	6,702	885,301	92,768	13,148,847	14,133,618	

Risk Exposure - Company

In Rs. '000 As at 31 March 2023	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	-	-	-	-	-	-	-
Loans to executives	9.1.7	-	-	9,060	-	-	9,060	0.04
Trade receivables	9.1.10	-	-	679,662	-	-	679,662	3.33
Other receivables	9.1.11	-	-	24,369	-	-	24,369	0.12
Amounts due from related parties	9.1.13	1,562,784	-	-	-	16,539,914	18,102,698	88.83
Cash in hand and at bank	9.1.15	-	1,564,616	-	-	-	1,564,616	7.68
Total credit risk exposure		1,562,784	1,564,616	713,091	-	16,539,914	20,380,405	100.00
Financial assets at fair value through profit or loss	9.2.3.1	-	-	-	14,768	-	14,768	12.37
Financial assets at fair value through OCI	9.2.3.1	-	-	-	104,600	-	104,600	87.63
Total equity risk exposure		-	-	-	119,368	-	119,368	100.00
Total		1,562,784	1,564,616	713,091	119,368	16,539,914	20,499,773	

9.1.4 Government securities

As at 31 March 2024 as shown in the table above, 43.04% (2023 - 37.56%) 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 2024, corporate debt securities comprise 91.43% (2023 - 92.17%) of the total investments for the Group were rated "BBB" or better. .

As at 31 March	GROUP			
	2024		2023	
	Rs. '000	Rating % of total	Rs. '000	Rating % of total
Fitch/ LANKA rating				
AAA	369,422	4.37	-	-
AA	553,869	6.54	-	-
AA-	25,843	0.31	825,989	8.49
A+	514,080	6.07	1,179,612	12.13
A	2,427,237	28.68	2,246,330	23.09
A-	207,578	2.45	488,366	5.02
BBB+	1,665,542	19.68	1,965,068	20.20
BBB	1,974,920	23.33	2,259,475	23.24
BBB-	103,137	1.22	103,003	1.06
B+	9,485	0.11	-	-
Not rated	612,367	7.24	658,843	6.77
Total	8,463,480	100.00	9,726,686	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 2024, 99.38% (2023 - 99.85%) of the fixed and call deposits were rated "A-" or better for the Group.

As at 31 March	GROUP			
	2024		2023	
	Rs. '000	Rating % of total	Rs. '000	Rating % of total
Fitch rating				
AA-	91,432	1.62	226,900	5.56
A+	-	-	-	-
A	917,971	16.22	677,065	16.58
A-	27,831	0.49	108,073	2.65
BBB-	7,176	0.13	5,965	0.14
BB	182	-	-	-
Unit trust	4,613,136	81.54	3,064,849	75.06
Not rated	31	-	213	0.01
Total	5,657,759	100.00	4,083,065	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 its Board Credit & Recoveries Committee and Credit Risk Committee. Company Credit Risk Monitoring Unit reporting to Risk Committee through the Chief Risk Officer who is responsible for management of the Company's credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit Credit Officers. Larger facilities require approval by Heads of Credit, Board Credit & Recoveries Committee or the board of directors as appropriate.
- Reviewing and assessing credit risk. Heads of Credit assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances), and by issuer.
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports on the credit quality of local portfolios are provided to Heads of Credit who may require appropriate corrective action to be taken.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Company in the management of credit risk.
- Regular audits of business units and Company credit processes are undertaken by Internal Audit.

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	Note	Consumer loan receivables	Factoring receivables	Gold loan receivables	Other loan receivables	Personal loan receivables	Revolving loan receivables	SME loan receivables	Group	
As at 31 March									2024	2023
Assets at amortised cost										
Individually impaired										
- gross amount		-	66,556	-	2,403,899	3,284	661,786	103,282	3,238,807	3,345,362
- unearned income		-	-	-	(600,577)	-	(1,785)	(1,286)	(603,648)	(790,757)
Gross carrying amount		-	66,556	-	1,803,322	3,284	660,001	101,996	2,635,159	2,554,605
- allowance for impairment	9.1.8.2	-	(66,556)	-	(1,377,980)	(3,237)	(628,209)	(101,272)	(2,177,254)	(1,678,376)
Net carrying amount		-	-	-	425,342	47	31,792	724	457,905	876,229
For the rest of portfolio where collective impairment is applicable										
- gross amount		10,941	22,250	1,366,110	2,190,813	711,624	9,317	924,587	5,235,642	9,914,267
- unearned income		(3)	-	-	(23,370)	(45,698)	(8)	(1,383)	(70,462)	(180,592)
Gross carrying amount	9.1.8.1	10,938	22,250	1,366,110	2,167,443	665,926	9,309	923,204	5,165,180	9,733,675
- allowance for impairment	9.1.8.2	(4,801)	(2,058)	(17)	(1,114,425)	(250,059)	(3,931)	(408,651)	(1,783,942)	(1,773,228)
Net carrying amount		6,137	20,192	1,366,093	1,053,018	415,867	5,378	514,553	3,381,238	7,960,447
Total net carrying amount		6,137	20,192	1,366,093	1,478,360	415,914	37,170	515,277	3,839,143	8,836,676

9.1.8.1 Age analysis of facilities considered for collective impairment

In Rs. '000	Consumer loan receivables	Factoring receivables	Gold loan receivables	Other loan receivables	Personal loan receivables	Revolving loan receivables	SME loan receivables	Total	
As at 31 March								2024	2023
Category									
Not due/ current	45	12,903	825,133	343,607	59,647	-	-	1,241,335	4,356,036
Less than 30 days	-	112	225,021	7,572	42,392	-	-	275,097	582,846
31 - 60 days	7	-	169,959	5,125	6,239	-	-	181,330	456,758
61 - 90 days	-	-	123,375	6,122	4,584	-	-	134,081	243,980
91 - 120 days	-	-	4,380	2,177	2,804	-	-	9,361	379,905
121 - 150 days	-	-	508	38,906	2,090	862	7,338	49,704	83,756
151 - 180 days	-	-	-	4,299	2,172	-	-	6,471	23,615
above 180 days	10,886	9,235	17,734	1,759,635	545,998	8,447	915,866	3,267,801	3,606,779
Total	10,938	22,250	1,366,110	2,167,443	665,926	9,309	923,204	5,165,180	9,733,675

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	2024	2023	2024	2023	2024	2023
At the beginning of the year	1,678,376	1,273,446	1,773,228	1,403,599	3,451,604	2,677,045
Net impairment charge for the year	498,878	981,613	10,714	369,629	509,592	1,351,242
Write-offs during the year	-	(576,683)	-	-	-	(576,683)
At the end of the year	2,177,254	1,678,376	1,783,942	1,773,228	3,961,196	3,451,604

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	2024		2023	
In Rs. '000	Maximum exposure to credit risk	Net exposure	Maximum exposure to credit risk	Net exposure
Loans and receivables	7,801,350	2,474,062	12,294,392	4,293,419

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. 328.87 Mn (2023 – Rs. 274.51 Mn) and their related surrender value is more than carrying value.

NOTES TO THE FINANCIAL STATEMENTS

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 As at 31 March	GROUP						COMPANY	
	Non hire purchase debtors	2024 Hire purchase debtors	Total	Non hire purchase debtors	2023 Hire purchase debtors	Total	2024 Total	2023 Total
Trade receivable settlement profile								
Current/ 0 - 30 days	3,972,533	90,581	4,063,114	3,507,491	627,912	4,135,403	5,697	157,740
31 - 60 days	1,125,193	5,608	1,130,801	1,046,201	9,379	1,055,580	66,249	103,275
61 - 90 days	814,725	1,016	815,741	256,395	6,205	262,600	8,519	127,438
91 - 120 days	746,252	664	746,916	241,523	82	241,605	99,635	22,827
> 121 days	449,956	339,346	789,302	448,756	-	448,756	656,775	268,382
Impaired	1,111,320	1,506,495	2,617,815	991,246	1,504,532	2,495,778	272,142	334,557
Gross amount	8,219,979	1,943,710	10,163,689	6,491,612	2,148,110	8,639,722	1,109,017	1,014,219
Less : Unearned income	-	(39,008)	(39,008)	-	(92,816)	(92,816)	-	-
Gross carrying value	8,219,979	1,904,702	10,124,681	6,491,612	2,055,294	8,546,906	1,109,017	1,014,219
Less : Impairment provision								
Individually assessed impairment provision	(44,471)	-	(44,471)	(151,966)	-	(151,966)	(272,142)	(77,853)
Collectively assessed impairment provision	(1,066,848)	(1,506,495)	(2,573,343)	(839,280)	(1,504,532)	(2,343,812)	-	(256,704)
Total	7,108,660	398,207	7,506,867	5,500,366	550,762	6,051,128	836,875	679,662

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 the management assesses 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 receivable 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 relationships 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. 590.74 Mn (2023 - Rs. 712.69 Mn). This consists mainly of reinsurance receivables on paid claims amounting to Rs. 472.62 Mn (2023 - Rs. 593.11 Mn) and the reinsurance share of claim reserve (receivables on outstanding claims) of Rs. 118.12 Mn (2023 - Rs. 119.58 Mn) as at 31 March 2024.

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 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 its Board Credit & Recoveries Committee and Credit Risk Committee. Company Credit Risk Monitoring Unit reporting to Risk Committee through the Chief Risk Officer who is responsible for management of the Company's credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit Credit Officers. Larger facilities require approval by Heads of Credit, Board Credit & Recoveries Committee or the board of directors as appropriate.
- Reviewing and assessing credit risk. Heads of Credit assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
 - Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances), and by issuer.
 - Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports on the credit quality of local portfolios are provided to Heads of Credit who may require appropriate corrective action to be taken.
 - Providing advice, guidance and specialist skills to business units to promote best practice throughout the Company in the management of credit risk.
 - Regular audits of business units and Company credit processes are undertaken by Internal Audit.

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				2024			2023
Assets at amortised cost							
Individually impaired							
- gross amount		456,017	-	456,017	980,098	-	980,098
- unearned income		(64,687)	-	(64,687)	(219,576)	-	(219,576)
Gross carrying amount		391,330	-	391,330	760,522	-	760,522
- allowance for impairment	9.1.14.2	(304,397)		(304,397)	(233,311)	-	(233,311)
Net carrying amount		86,933	-	86,933	527,211	-	527,211
For the rest of portfolio, where collective impairment applies							
- gross amount		4,921,358	78,295	4,999,653	9,884,541	79,186	9,963,727
- unearned income		(879,761)	-	(879,761)	(2,259,702)	-	(2,259,702)
Gross carrying amount	9.1.14.1	4,041,597	78,295	4,119,892	7,624,839	79,186	7,704,025
- allowance for impairment	9.1.14.2	(161,222)	(47,063)	(208,285)	(373,946)	(36,452)	(410,398)
Net carrying amount		3,880,375	31,232	3,911,607	7,250,893	42,734	7,293,627
Total Net carrying amount		3,967,308	31,232	3,998,540	7,778,104	42,734	7,820,838

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9.1.14.1 Age analysis of facilities considered for collective impairment

In Rs. '000	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			2024			2023
Category						
Not due/ current	1,001,184	-	1,001,184	2,137,395	1,033	2,138,428
Overdue:						
Less than 30 days	577,740	-	577,740	1,006,557	-	1,006,557
31 - 60 days	632,582	-	632,582	1,100,316	-	1,100,316
61 - 90 days	531,637	-	531,637	966,957	-	966,957
91 - 120 days	164,170	-	164,170	808,108	-	808,108
121 - 150 days	200,075	-	200,075	451,926	-	451,926
151 - 180 days	66,693	-	66,693	153,292	-	153,292
above 180 days	867,516	78,295	945,811	1,000,288	78,153	1,078,441
Total	4,041,597	78,295	4,119,892	7,624,839	79,186	7,704,025

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	2024	2023	2024	2023	2024	2023
At the beginning of the year	233,311	98,258	410,398	256,300	643,709	354,558
Net impairment charge for the year	71,086	135,053	(202,113)	154,098	(131,027)	289,151
At the end of the year	304,397	233,311	208,285	410,398	512,682	643,709

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.

As at 31 March	2024		2023	
In Rs. '000	Maximum exposure to credit risk	Net exposure	Maximum exposure to credit risk	Net exposure
Lease and hire purchase receivables	4,511,222	Nil	8,460,170	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 are affected by market risk which include: borrowings, trade payables, short term investments and equity investments.

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 reported are as follows:

In Rs. '000	GROUP		COMPANY	
	Nominal amount		Nominal amount	
As at 31 March	2024	2023	2024	2023
Fixed rate instrument				
Financial assets	46,467,083	54,834,074	13,881,255	13,325,656
Financial liabilities	(66,136,926)	(79,545,307)	(21,269,688)	(17,900,894)
	(19,669,843)	(24,711,233)	(7,388,433)	(4,575,238)
Variable rate instruments				
Financial assets	7,511,566	9,270,231	3,357,670	3,663,475
Financial liabilities	(63,120,190)	(56,755,055)	(24,404,770)	(22,179,482)
	(55,608,624)	(47,484,824)	(21,047,100)	(18,516,007)

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
2024	+ 200 b.p	+ 100 b.p	(772,233)	(236,645)
	- 200 b.p	- 100 b.p	772,233	236,645
2023	+ 400 b.p	+ 100 b.p	(1,182,182)	(740,640)
	- 400 b.p	- 100 b.p	1,182,182	740,640

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 within the limits of maximum exposure.

NOTES TO THE FINANCIAL STATEMENTS

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
2024	+ 5%	(242,370)	(524,415)
	- 5%	242,370	524,415
2023	+ 5%	(182,635)	(539,415)
	- 5%	182,635	539,415

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			
	2024		2023		2024		2023	
	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%
Banks	85,517	91.63	4,016	26.29	2,557,301	100.00	1,271,063	99.99
Capital goods	122	0.13	156	1.02	104	-	102	0.01
Consumer durable and apparel	-	-	12	0.08	-	-	-	-
Consumer Services	18	0.02	-	-	-	-	-	-
Diversified Financials	-	-	-	-	-	-	-	-
Energy	7,379	7.91	10,839	70.95	-	-	-	-
Insurance	205	0.22	205	1.34	-	-	-	-
Materials	88	0.09	49	0.32	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
	93,329	100.00	15,277	100.00	2,557,405	100.00	1,271,165	100.00

COMPANY

As at 31 March	Financial assets at fair value through profit or loss			
	2024		2023	
	Rs. '000	%	Rs. '000	%
Banks	85,389	92.05	3,929	26.60
Energy	7,379	7.95	10,839	73.40
	92,768	100.00	14,768	100.00

9.2.3.2 Unquoted equity investments

Investments in unquoted securities 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	Change in equity price	GROUP		COMPANY	
		Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
2024					
Quoted equity investments listed on the Colombo Stock Exchange	+ 10%	1,433	263,640	1,377	7,900
	- 10%	(1,433)	(263,640)	(1,377)	(7,900)
2023					
Quoted equity investments listed on the Colombo Stock Exchange	+ 10%	1,528	127,117	1,477	Nil
	- 10%	(1,528)	(127,117)	(1,477)	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 that it was normalising in most of the sectors. Access to sources of funding is sufficient and debt maturing within 12 months can be rolled over with existing lenders.

NOTES TO THE FINANCIAL STATEMENTS

9.3.1 Net debt

In Rs. '000 As at 31 March	GROUP		COMPANY	
	2024	2023	2024	2023
Short term investments	10,300,195	10,214,957	92,768	119,368
Cash in hand and at bank	4,340,269	5,260,169	6,702	1,564,616
Total liquid assets	14,640,464	15,475,126	99,470	1,683,984
Other current financial liabilities	46,381,548	53,328,649	24,931,767	26,148,729
Current portion of interest bearing borrowings	25,388,578	18,129,698	10,314,172	8,856,901
Current portion of lease liability	1,821,314	1,896,051	36,595	38,356
Bank overdrafts	9,307,845	9,382,693	70,096	236,206
Total current liabilities	82,899,285	82,737,091	35,352,630	35,280,192
Net current debt	68,258,821	67,261,965	35,253,160	33,596,208
Adjustments for;				
Unutilised approved banking facilities	3,422,950	4,330,135	24,000	-
	64,835,871	62,931,830	35,229,160	33,596,208

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 manage the liquidity position of the Group.

As at reporting date, liquid assets amounted to Rs. 12,176.04 Mn (2023 - Rs. 9,836.22 Mn) comprises liquid assets portfolio of Softlogic Finance PLC and Softlogic Life Insurance PLC.

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 destress 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 2024 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	28,361,834	16,335,725	10,177,577	8,308,894	7,616,865	16,022,327	86,823,222
Lease liability	2,999,208	2,431,003	1,612,679	1,277,259	1,009,449	4,704,006	14,033,604
Other non-current financial liabilities	-	-	752,885	-	-	-	752,885
Trade and other payables	24,115,829	-	-	-	-	-	24,115,829
Amounts due to related parties	28,919	-	-	-	-	-	28,919
Other current financial liabilities	46,381,548	-	-	-	-	-	46,381,548
Public deposits	5,969,412	1,002,308	484,148	1,277,994	69,672	-	8,803,534
Bank overdrafts	9,307,845	-	-	-	-	-	9,307,845
	117,164,595	19,769,036	13,027,289	10,864,147	8,695,986	20,726,333	190,247,386

The table below summarises the maturity profile of the company's financial liabilities at 31 March 2024 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	11,200,369	3,662,370	2,781,450	2,555,667	2,462,605	3,349,855	26,012,316
Lease liability	56,458	55,280	52,760	51,760	50,792	119,415	386,465
Trade and other payables	3,308,925	-	-	-	-	-	3,308,925
Amounts due to related parties	211,769	-	-	-	-	-	211,769
Other current financial liabilities	24,931,767	-	-	-	-	-	24,931,767
Bank overdrafts	70,096	-	-	-	-	-	70,096
	39,779,384	3,717,650	2,834,210	2,607,427	2,513,397	3,469,270	54,921,338

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2023 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	28,709,520	16,873,561	15,180,886	7,256,780	5,210,777	15,106,818	88,338,342
Lease liability	2,202,221	2,242,811	1,351,414	926,232	1,005,314	3,737,575	11,465,567
Other non-current financial liabilities	-	-	777,906	-	-	-	777,906
Trade and other payables	20,411,053	-	-	-	-	-	20,411,053
Amounts due to related parties	28,919	-	-	-	-	-	28,919
Other current financial liabilities	53,328,649	-	-	-	-	-	53,328,649
Public deposits	9,336,317	1,094,157	527,014	176,586	1,296,874	-	12,430,948
Bank overdrafts	9,382,693	-	-	-	-	-	9,382,693
	123,399,372	20,210,529	17,837,220	8,359,598	7,512,965	18,844,393	196,164,077

The table below summarises the maturity profile of the company's financial liabilities at 31 March 2023 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	11,282,565	3,474,532	2,239,948	1,527,205	735,726	97,566	19,357,542
Lease liability	40,704	36,965	36,936	36,936	38,167	146,134	335,842
Trade and other payables	2,000,252	-	-	-	-	-	2,000,252
Amounts due to related parties	55,229	-	-	-	-	-	55,229
Other current financial liabilities	26,148,729	-	-	-	-	-	26,148,729
Bank overdrafts	236,206	-	-	-	-	-	236,206
	39,763,685	3,511,497	2,276,884	1,564,141	773,893	243,700	48,133,800

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 of 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 2024.

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.

NOTES TO THE FINANCIAL STATEMENTS

In Rs. '000 As at 31 March	GROUP		COMPANY	
	2024	2023	2024	2023 Restated
Net debt	127,186,891	125,973,944	45,882,757	38,733,108
Equity	(30,199,931)	(17,871,860)	43,808,614	48,955,413
Capital and total net debt	96,986,960	108,102,084	89,691,371	87,688,521
Gearing ratio - (X)	1.31	1.17	0.51	0.44

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 subsidiaries	25
Investment in unquoted equity shares	26
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 assumption 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.

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	2024	2023	2024	2023	2024	2023
Financial assets						
Financial assets at fair value through OCI						
Quoted equity instruments	2,557,405	1,271,166	-	-	-	-
Unquoted equity instruments	-	-	-	-	30,000	490,240
Debt instruments	-	-	-	-	773,466	800,164
Government securities	3,358,493	805,859	-	-	-	-
Financial assets at fair value through P&L	-	-				
Quoted equity instruments	93,329	15,276	-	-	-	-
Government securities	-	33,497	-	-	-	-
Unit Trust	-	-	4,233,852	3,064,310	-	-
Total	6,009,227	2,125,798	4,233,852	3,064,310	803,466	1,290,404

The fair value of all the listed equity instruments as at 31 March 2024 based on the closing traded prices that existed as of 31 March 2024.

Non financial assets

In Rs. '000	Level 1		Level 2		Level 3	
As at 31 March	2024	2023	2024	2023	2024	2023
Non financial assets measured at fair value						
Land and buildings	-	-	-	-	32,345,169	35,515,308
Buildings on leasehold land	-	-	-	-	14,114,815	14,124,499
Investment property	-	-	-	-	2,288,637	2,252,523
Total	-	-	-	-	48,748,621	51,892,330

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.

NOTES TO THE FINANCIAL STATEMENTS

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 As at 31 March	Level 1		Level 2		Level 3	
	2024	2023	2024	2023	2024	2023
Financial assets						
Financial assets at fair value through P&L						
Quoted equity instruments	92,768	14,768	-	-	-	-
Financial assets at fair value through OCI						
Quoted equity instruments	-	-	-	-	44,912,930	38,551,663
Unquoted equity instruments			-	-	39,848,876	38,539,032
Total	92,768	14,768	-	-	84,761,806	77,090,695

The fair value of all the listed equity instruments as at 31 March 2024 based on the closing traded prices that existed as of 31 March 2024.

Non financial assets

In Rs. '000 As at 31 March	Level 1		Level 2		Level 3	
	2024	2023	2024	2023	2024	2023
Non financial assets measured at fair value						
Investment property	-	-	-	-	1,053,200	1,057,150
Total	-	-	-	-	1,053,200	1,057,150

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.

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 Solely Payment of Principal and Interest (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 payment 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 payment 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 payment of principal and interest, are measured at fair value through other comprehensive income (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 payment 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.

NOTES TO THE FINANCIAL STATEMENTS

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 payment 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.

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 Effective Interest Rate (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.

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 other comprehensive income (OCI). 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

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 other comprehensive income statement (OCI) 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	2024	2023	2024	2023	2024	2023	2024	2023
Financial instruments in non-current assets								
Non-current financial assets	27,570,332	30,158,591	5,611,630	2,303,915	1,107,734	958,914	34,289,696	33,421,420
Rental receivable on lease assets and hire purchase	3,590,305	7,094,383	-	-	-	-	3,590,305	7,094,383
Financial instruments in current assets								
Trade and other receivables	9,459,759	8,273,753	-	-	-	-	9,459,759	8,273,753
Loans and advances	3,730,950	7,756,234	-	-	-	-	3,730,950	7,756,234
Rental receivable on lease assets and hire purchase	408,235	726,455	-	-	-	-	408,235	726,455
Amounts due from related parties	100,643	109,933	-	-	-	-	100,643	109,933
Short term investments	5,973,015	6,997,274	79,000	104,849	4,248,180	3,112,834	10,300,195	10,214,957
Cash in hand and at bank	4,340,269	5,260,169	-	-	-	-	4,340,269	5,260,169
Total	55,173,508	66,376,792	5,690,630	2,408,764	5,355,914	4,071,748	66,220,052	72,857,304

Financial liabilities by category - Group

In Rs. '000	Financial liabilities measured at amortised cost			Total
As at 31 March	2024	2023	2024	2023
Financial instruments in non-current liabilities				
Interest bearing borrowings	43,007,411	42,901,064	43,007,411	42,901,064
Lease liability	5,620,464	5,595,958	5,620,464	5,595,958
Public deposits	5,620,464	3,094,921	5,620,464	3,094,921
Other non-current financial liabilities	752,885	777,906	752,885	777,906
Financial instruments in current liabilities				
Trade and other payables	24,115,829	20,411,053	24,115,829	20,411,053
Amounts due to related parties	28,919	28,919	28,919	28,919
Other current financial liabilities	46,381,548	53,328,649	46,381,548	53,328,649
Current portion of interest bearing borrowings	25,388,578	18,129,698	25,388,578	18,129,698
Current portion of lease liability	1,821,314	1,896,051	1,821,314	1,896,051
Public deposits	5,292,880	9,335,694	5,292,880	9,335,694
Bank overdrafts	9,307,845	9,382,693	9,307,845	9,382,693
Total	167,338,137	164,882,606	167,338,137	164,882,606

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	2024	2023	2024	2023	2024	2023	2024	2023
Financial instruments in non-current assets								
Non-current financial assets	-	1,562,784	-	-	-	-	-	1,562,784
Financial instruments in current assets								
Trade and other receivables	885,301	713,091	-	-	-	-	885,301	713,091
Amounts due from related parties	13,148,847	16,539,914	-	-	-	-	13,148,847	16,539,914
Short term investments	-	-	79,000	104,600	13,768	14,768	92,768	119,368
Cash in hand and at bank	6,702	1,564,616	-	-	-	-	6,702	1,564,616
Total	14,040,850	20,380,405	79,000	104,600	13,768	14,768	14,133,618	20,499,773

Financial liabilities by category - Company

In Rs. '000	Financial liabilities measured at amortised cost			Total
As at 31 March	2024	2023	2024	2023
Financial instruments in non-current liabilities				
Interest bearing borrowings	10,367,289	4,832,557	10,367,289	4,832,557
Lease liability	169,540	184,975	169,540	184,975
Financial instruments in current liabilities				
Trade and other payables	3,308,925	2,000,252	3,308,925	2,000,252
Amounts due to related parties	211,769	55,229	211,769	55,229
Other current financial liabilities	24,931,767	26,148,729	24,931,767	26,148,729
Current portion of interest bearing borrowings	10,314,172	8,856,901	10,314,172	8,856,901
Current portion of lease liability	36,595	38,356	36,595	38,356
Bank overdrafts	70,096	236,206	70,096	236,206
Total	49,410,153	42,353,205	49,410,153	42,353,205

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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 48.84% 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 date of issuance 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.

LKAS - 1 Classification of Liabilities as Current or Noncurrent (amendments)

Amendments to LKAS 1 Presentation of Financial Statements specify the requirements for classifying liabilities as current or non-current. The amendments clarify -

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- that classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- Disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

LKAS - 7 and SLFRS - 7 Supplier Finance Arrangements (amendment)

The amendments clarify the characteristics of supplier finance arrangements and require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements.

The amendments are effective for annual periods beginning on or after 1 January 2024

LKAS - 12 International Tax Reform - Pillar Two Model Rule (amendment)

The amendments to LKAS 12 introduce a mandatory exception in LKAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

LKAS - 16 Lease Liability in a Sale and Leaseback (amendment)

The amendments to SLFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. A seller-lessee applies the amendment retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered into after the date of initial application.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

SLFRS - 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. 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. 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 data 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 2026.

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 49 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

NOTES TO THE FINANCIAL STATEMENTS

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 is 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 For the year ended 31 March	GROUP		COMPANY	
	2024	2023	2024	2023
Goods transferred at a point in time	39,229,047	43,834,078	-	-
Services transferred at a point in time	33,001,820	28,681,598	1,000,041	750,593
Total revenue from contracts with customers	72,230,867	72,515,676	1,000,041	750,593
Revenue from insurance contracts	25,032,614	20,458,558	-	-
Interest income on lease and hire purchase receivables	1,091,493	1,556,496	-	-
Interest income	1,484,197	2,368,640	-	-
	99,839,171	96,899,370	1,000,041	750,593

13.1 Business segment analysis

In Rs. '000 For the year ended 31 March	GROUP	
	2024	2023
Automobiles	378,307	1,723,989
Financial Services	27,838,841	24,609,663
Healthcare Services	28,571,487	24,786,272
Information Technology	7,179,449	7,936,963
Leisure	3,129,378	2,227,310
Other	7,316	6,404
Retail	32,734,393	35,608,769
	99,839,171	96,899,370

14. DIVIDEND INCOME

ACCOUNTING POLICY

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

In Rs. '000 For the year ended 31 March	COMPANY	
	2024	2023
Dividend income from investments in subsidiaries and equity accounted investees	26,060	17,767
	26,060	17,767

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 For the year ended 31 March	GROUP		COMPANY	
	2024	2023	2024	2023
Commission income	47,094	6,908	-	-
Fees received	80,900	179,596	-	-
Write back of the suspense account	125,456	-	-	-
Other laboratory income	56,318	64,784	-	-
Profit/ (loss) on disposal of investments	-	-	-	-
Profit/ (loss) on sale of property, plant & equipment and derecognition gain/ (loss) on right of use assets and liabilities	89,304	41,187	12,331	-
Sundry income	1,173,667	1,299,961	31,027	25,618
Gain on bargain purchase	1,531,814	-	-	-
	3,104,553	1,592,436	43,358	25,618

NOTES TO THE FINANCIAL STATEMENTS

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 For the year ended 31 March	GROUP		COMPANY	
	2024	2023	2024	2023
Interest income	285,613	404,378	2,875,079	3,354,912
Dividend income on				
- financial assets at fair value through OCI	65,121	153,302	-	-
- financial assets at fair value through P&L	183	481	-	-
Net change in fair value of financial instruments at fair value through P&L	908,608	633,899	-	9,297
Exchange gain on foreign currency financial instruments	188,725	775,593	-	-
Finance income on other financial instruments	6,835,529	6,056,785	300,919	386,466
	8,283,779	8,024,438	3,175,998	3,750,675

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	
	2024	2023	2024	2023
Interest expense on borrowings	15,085,359	19,267,912	5,878,297	6,360,974
Finance cost on other financial instruments	4,119,151	4,118,591	2,122,371	3,337,302
Fair value loss on financial assets at fair value through P&L	-	143,598	-	-
Exchange loss on foreign currency loan conversion	263,810	3,961,902	-	-
Finance cost on lease liability	1,169,328	833,460	24,684	24,609
Other finance expenses	386,725	625,742	44,190	79,202
	21,024,373	28,951,205	8,069,542	9,802,087

18. 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 For the year ended 31 March	GROUP		COMPANY	
	2024	2023	2024	2023
Remuneration to Executive and Non-Executive Directors	500,619	575,561	65,628	62,945
Auditors' remuneration				
- Audit	56,424	42,154	4,713	3,649
- Non audit	11,855	15,271	-	3,595
Cost of defined employee benefit				
- Defined benefit plan cost	533,503	439,528	39,567	32,180
- Defined contribution plan cost - EPF/ETF	1,291,099	1,240,504	48,906	49,472
Staff expenses	13,915,256	12,139,773	382,735	363,044
Depreciation of property, plant and equipment	3,920,397	3,783,680	29,268	26,171
Amortisation/ impairment of intangible assets	293,448	308,693	1,365	4,694
Amortisation of rights of use assets	2,218,358	1,820,188	49,805	50,718
Donations	1,831	1,143	-	-
Provisions for/ write off of impaired receivables	100,199	92,420	4,105,722	931,308
Provision for impairment of inventories	578,243	58,612	281	-
Profit on sale of property, plant and equipment and derecognition gain on right of use assets	(89,304)	(41,187)	(12,331)	-
Impairment and derecognition of property, plant and equipment	500	12,607	-	-
Provision for/ (reversal of) impairment of investments	(518,898)	2,940,895	-	-
Provision for guarantee contract	87,027	66,291	87,027	66,291
Write-back of suspense balance	(125,456)	-	-	-

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.

NOTES TO THE FINANCIAL STATEMENTS

19.1.1 Tax expense

In Rs. '000		GROUP		COMPANY	
For the year ended 31 March	Note	2024	2023	2024	2023
Current income tax					
Current tax charge		2,891,339	2,150,519	-	-
Under provision of income tax of previous years		120,625	140,698	-	10,001
Written-off of tax receivables		-	20,007	-	-
Withholding tax on dividends		129,758	103,841	-	-
Total income tax expense	19.1.3	3,141,722	2,415,065	-	10,001
Deferred income tax					
Relating to origination and reversal of temporary differences	19.2.1	(567,993)	334,553	(14,329)	64,826
		2,573,729	2,749,618	(14,329)	74,827

19.1.2 Reconciliation between current tax charge and the accounting profit

In Rs. '000		GROUP		COMPANY	
For the year ended 31 March		2024	2023	2024	2023
Loss before tax		(12,626,459)	(20,907,678)	(9,150,893)	(7,037,276)
Dividend income from Group companies		735,297	725,732	(26,060)	(17,767)
Share of results of equity accounted investees		(10,043)	(38,960)	-	-
Other consolidation adjustments		(3,062,210)	(722,023)	-	-
Profit/ (loss) after adjustment		(14,963,415)	(20,942,929)	(9,176,953)	(7,055,043)
Profits not liable for income tax		(1,116,261)	(707,766)	-	-
Resident dividend		(800,600)	(836,215)	-	-
Adjusted accounting loss chargeable to income taxes		(16,880,276)	(22,486,910)	(9,176,953)	(7,055,043)
Deductible expenses		(9,225,727)	(9,936,303)	(88,245)	(187,469)
Non deductible expenses		15,063,621	15,624,814	4,556,511	1,125,878
Current year tax losses not utilised		24,793,302	30,953,373	-	-
Set off against tax losses		(3,525,053)	(6,067,256)	-	-
Taxable income/ (loss)		10,225,867	8,087,718	(4,708,687)	(6,116,634)

19.1.3 Reconciliation between tax expense and the product of accounting profit

In Rs. '000 For the year ended 31 March	GROUP		COMPANY	
	2024	2023	2024	2023
Tax effect on chargeable profits	1,930,428	2,171,488	-	-
Tax effect on deductible expenses	1,747,388	1,055,860	-	-
Tax effect on non deductible expenses	(786,477)	(1,076,829)	-	-
Under provision for previous years	120,625	140,698	-	10,001
Other income based taxes				
Withholding on dividends	129,758	103,841	-	-
Total income tax expense	3,141,722	2,395,058	-	10,001
Income tax charged at				
Standard rate	2,716,540	1,993,781	-	-
Other concessionary rates	174,799	156,738	-	-
Under provision for previous year	120,625	140,698	-	10,001
	3,011,964	2,291,217	-	10,001
Other income based taxes				
Withholding on dividends	129,758	103,841	-	-
Charge for the year	3,141,722	2,395,058	-	10,001
Other tax expenses				
Written-off of tax receivables	-	20,007	-	-
Total income tax expense	3,141,722	2,415,065	-	10,001

Entities operating in Sri Lanka of the Group have used the new tax rate introduced by the Inland Revenue (Amendment) Act No. 45 of 2022 certified on 19 December 2022, (with retrospective effect from 01 October 2022) for income and deferred taxation. Accordingly, income tax rates of 30% has been used for profits of all segments except for the Central Hospital Ltd and Asiri Hospital Galle (Pvt) Ltd.

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 As at 31 March	GROUP	
	2024	2023
At the beginning of the year	1,871,190	798,778
Acquisition of subsidiary	15,517	-
Charge for the year	3,141,722	2,395,058
Taxation on PAR bonus	155,349	111,900
Payments and set off against refunds	(2,224,134)	(1,434,546)
At the end of the year	2,959,644	1,871,190

NOTES TO THE FINANCIAL STATEMENTS

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 tax holiday period.

19.2.1 Deferred tax charge / (release)

In Rs. '000 For the year ended 31 March	GROUP		COMPANY	
	2024	2023	2024	2023 Restated
Income statement				
Deferred tax expense arising from;				
Accelerated depreciation for tax purposes	(164,675)	(588,719)	(7,049)	(6,324)
Revaluation of investment property to fair value	10,834	(23,246)	(607)	35,962
Employee benefit liabilities	(68,531)	(51,644)	(6,673)	(9,330)
Benefit arising from tax losses	211,574	(278,395)	-	-
Others	(557,195)	(10,026)	-	-
Deferred tax impact due to tax rate change	-	1,286,583	-	44,518
	(567,993)	334,553	(14,329)	64,826
Other comprehensive income				
Deferred tax expense arising from;				
Revaluation of land and building to fair value	276,233	1,366,891	-	-
Actuarial gains/ (loss) on employee benefit liabilities	(48,064)	94,311	767	12,880
Net change in fair value of investment in subsidiaries	-	-	(1,245,618)	(1,139,669)
Deferred tax impact due to tax rate change	-	2,221,790	-	5,482,176
	228,169	3,682,992	(1,244,851)	4,355,387

Deferred tax has been computed at 30% for all standard rate companies (including listed companies), at 15% for Central Hospital Ltd and at 20% for Asiri Hospital Galle (Pvt) Ltd.

19.2.2 Deferred tax assets and liabilities

GROUP

In Rs. '000 As at 31 March	Assets		Liabilities	
	2024	2023	2024	2023
At the beginning of the year	2,737,200	3,027,670	6,997,084	3,266,142
Acquisition of subsidiary	-	-	528,934	-
Charge and release	670,768	(286,603)	330,945	3,730,942
Effect of movements in exchange rates	(21,429)	(3,867)	-	-
At the end of the year	3,386,539	2,737,200	7,856,963	6,997,084

The closing deferred tax asset balance relates to the following:

In Rs. '000 As at 31 March	Assets		Liabilities	
	2024	2023	2024	2023
Revaluation of building to fair value	-	(107,366)	8,454,410	7,484,637
Revaluation of investment property to fair value	(31,920)	(28,136)	273,750	266,700
Accelerated depreciation for tax purposes	(339,573)	(576,705)	1,709,054	1,638,445
Employee benefit liabilities	141,370	97,427	(343,999)	(249,187)
Losses available for offset against future taxable income	1,315,300	1,450,475	(1,974,793)	(2,073,642)
Provision for bad debts	750,061	712,103	(36,024)	(20,967)
Unclaimed impairment provisions	1,051,734	609,343	(43,233)	(48,621)
Others	499,567	580,059	(182,202)	(281)
	3,386,539	2,737,200	7,856,963	6,997,084

19.2.3 Deferred tax liabilities

COMPANY

In Rs. '000 As at 31 March	Liability	
	2024	2023 Restated
At the beginning of the year	7,339,371	2,919,159
Charge and release	(1,259,180)	4,420,212
At the end of the year	6,080,191	7,339,371

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

In Rs. '000 As at 31 March	Liability	
	2024	2023 Restated
Revaluation of investment property to fair value	284,474	285,081
Accelerated depreciation for tax purposes	2,264	9,313
Employee benefit liabilities	(44,523)	(38,617)
Net change in fair value of investment in subsidiaries	5,837,976	7,083,594
	6,080,191	7,339,371

NOTES TO THE FINANCIAL STATEMENTS

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 30% 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
Central Hospital Ltd	Providing healthcare services	15%	Open ended
Asiri Hospital Galle (Pvt) Ltd	Providing healthcare services	20%	Open ended
Softlogic City Hotels (Pvt) Ltd	Construction of tourist hotel	Exempt	7 Years from 1st year of profit or 2 years from the commencement of operation whichever is earlier (from FY 2018/19 onwards)

Income tax rates of off-shore subsidiaries

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

19.5 Tax losses carried forward

In Rs. '000	GROUP		COMPANY	
As at 31 March	2024	2023	2024	2023
Tax losses brought forward	58,462,568	33,707,571	7,679,702	1,563,068
Adjustments on finalisation of liability	(6,581,773)	(131,120)	(89,334)	-
Tax losses arising during the year	25,005,865	30,953,373	4,708,687	6,116,634
Exempt tax losses not allowed to carry forward	(1,346,883)	-	-	-
Utilisation of tax losses	(3,525,053)	(6,067,256)	-	-
	72,014,724	58,462,568	12,299,055	7,679,702

The Group has tax losses amounting to Rs. 58,661.10 Mn (2023 - Rs. 34,011.67 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	Note	GROUP	
For the year ended 31 March		2024	2023
Losses attributable to equity holders of the parent - continuing operations		(18,600,924)	(24,076,881)
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.)		(15.60)	(20.19)

20.2 Amount used as denominator

	GROUP	
For the year ended 31 March	2024	2023
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

NOTES TO THE FINANCIAL STATEMENTS

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

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. 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 & 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 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							2024	2023
Freehold assets								
Cost or Valuation								
At the beginning of the year	30,498,543	20,143,475	12,440,732	16,683,068	714,324	1,522,013	82,002,155	79,773,703
Acquisition of subsidiary	2,056,676	28,374	68,668	277,435	3,457	-	2,434,610	11,674
Additions	107,525	328,549	664,797	749,250	6,400	310,462	2,166,983	3,986,836
Disposals	(926,788)	(185,833)	(337,700)	(418,691)	(59,847)	-	(1,928,859)	(323,490)
Transfers*	(779,792)	697,795	300,775	(17,265)	49,519	(807,770)	(556,738)	(6,595,761)
Impairment/ derecognition	-	(5,041)	-	-	-	(500)	(5,541)	(47,480)
Revaluations	1,765,401	(203,145)	-	-	-	-	1,562,256	5,197,040
Effect of movements in exchange rates	-	(135)	-	(1,133)	-	-	(1,268)	(367)
At the end of the year	32,721,565	20,804,039	13,137,272	17,272,664	713,853	1,024,205	85,673,598	82,002,155
Total value of assets	32,721,565	20,804,039	13,137,272	17,272,664	713,853	1,024,205	85,673,598	82,002,155
Freehold assets								
Accumulated depreciation								
At the beginning of the year	151,845	2,819,405	7,022,946	11,364,361	558,511	-	21,917,068	18,637,731
Acquisition of subsidiary	105,776	28,374	61,301	258,184	3,457	-	457,092	-
Charge for the year	367,974	965,594	1,097,165	1,439,256	50,408	-	3,920,397	3,783,680
Disposals	(7,066)	(166,620)	(331,303)	(349,600)	(57,321)	-	(911,910)	(223,268)
Transfers*	(242,134)	(364,123)	88,258	(88,257)	31,228	-	(575,028)	(246,014)
Impairment/ derecognition	-	(5,041)	-	-	-	-	(5,041)	(34,873)
Effect of movements in exchange rates	-	(96)	-	(873)	-	-	(969)	(188)
At the end of the year	376,395	3,277,493	7,938,367	12,623,071	586,283	-	24,801,609	21,917,068
Total accumulated depreciation	376,395	3,277,493	7,938,367	12,623,071	586,283	-	24,801,609	21,917,068
Carrying value								
As at 31 March 2024	32,345,170	17,526,546	5,198,905	4,649,593	127,570	1,024,205	60,871,989	
As at 31 March 2023	30,346,698	17,324,070	5,417,786	5,318,707	155,813	1,522,013		60,085,087

* Transfers include the accumulated depreciation amounting to Rs. 606.26 Mn (2023 - Rs. 492.72 Mn) as at revaluation date that was eliminated against the gross carrying amount of the revalued assets.

NOTES TO THE FINANCIAL STATEMENTS

21.2 COMPANY

In Rs. '000	Plant and machinery	Furniture and fittings	Computer and office Equipment,	Motor vehicles	Total	
As at 31 March					2024	2023
Freehold assets						
Cost						
At the beginning of the year	5,959	53,324	74,477	183,091	316,851	291,158
Additions	-	1,400	635	6,400	8,435	25,693
Disposals	-	-	(254)	(14,420)	(14,674)	-
At the end of the year	5,959	54,724	74,858	175,071	310,612	316,851
Total value of assets	5,959	54,724	74,858	175,071	310,612	316,851
Freehold assets						
Accumulated depreciation						
At the beginning of the year	744	37,275	52,255	143,133	233,407	207,236
Charge for the year	745	4,160	7,949	16,414	29,268	26,171
Disposals	-	-	(235)	(12,909)	(13,144)	-
At the end of the year	1,489	41,435	59,969	146,638	249,531	233,407
Total accumulated depreciation	1,489	41,435	59,969	146,638	249,531	233,407
Carrying value						
As at 31 March 2024	4,470	13,289	14,889	28,433	61,081	
As at 31 March 2023	5,215	16,049	22,222	39,958		83,444

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 2024 except revaluation of land

and building of Softlogic Life Insurance PLC, Softlogic Properties (Pvt) Ltd, Softlogic City Hotels (Pvt) Ltd and Footwear Retailers (Pvt) Ltd.

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. 1,571.55 Mn (2023 - Rs. 5,197.04 Mn) which has been credited to the revaluation reserve. Further during the reporting period, deficit arising from the change in fair value of revalued land and buildings were Rs. 9.30 Mn (2023 - Nil) which has been debited to income statement.

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

GROUP

Company	Property	Method of valuation	Extent	No of buildings	Capitalising rate	Range of estimates for significant unobservable inputs				Correlation to fair value
						Per perch value - Rs. Mn.		Per square foot value - Rs.		
						2024	2023	2024	2023	
Property valuations by Mr. G W G Abeygunawardene (Chartered Valuation Surveyor)										
Land of										
Softlogic Holdings PLC	14, De Fonseka Place, Colombo 05	OMV	22.45 P	-	-	19.22	20.25 - 19.00	-	-	Positive
Softlogic Properties (Pvt) Ltd	24, Dharmapala Mw., Kollupitiya, Colombo 03	OMV	2 R 11.68 P	-	-	24.00	24.00	-	-	Positive
Suzuki Motors Lanka Ltd	371, New Nuge Road, Peliyagoda	OMV	28.39 P	-	-	3.85	3.55	-	-	Positive
Property valuations by Mr. G W G Abeygunawardene (Chartered Valuation Surveyor)										
Building of										
Softlogic Information Technologies (Pvt) Ltd	14, De Fonseka Place, Colombo 05	DCC/IA	-	1 building	-	-	-	7,350 - 14,650	7,250 - 14,500	Positive
Suzuki Motors Lanka Ltd	371, New Nuge Road, Peliyagoda	DCC	-	1 building	-	-	-	4,950 - 7,400	4,850 - 7,250	Positive
Softlogic City Hotels (Pvt) Ltd	24, Dharmapala Mw., Kollupitiya, Colombo 03	DCC	-	1 building	-	-	-	23,500	23,500	Positive
Future Automobiles (Pvt) Ltd	1124/5, Parliament Rd., Battaramulla	DCC/ IA	-	2 buildings	-	-	-	3,950 - 10,850	3,750 - 10,750	Positive
Footwear Retailer (Pvt) Ltd	250/32, Ground floor, Liberty Plaza Complex, Kollupitiya	IA	-	1 Condominium Unit	-	-	-	185 - 530 (rent per Sq. Ft.)	-	Positive
Property valuations by Mr. S Sivaskantha (Chartered Valuer)										
Building of										
Asiri Surgical Hospital PLC	21, Kirimandala Mw., Colombo 05	IA	-	3 buildings	7.50%	-	-	10,000 - 20,000	6,880 - 14,380**	Positive
	AOI Cancer Care Centre	IA	-	1 building	8.00%	-	-	22,500	38,750**	Positive
Asiri Hospital Holdings PLC	907, Peradeniya Road, Kandy	IA	-	1 building	8.00%	-	-	22,500	13,000 - 24,750**	Positive
Ceysand Resorts Ltd	Centara Ceysands Resort & Spa, Bentota	IA	-	18 buildings	8.50%	-	-	6,500 - 20,000	5,500 - 19,000**	Positive
Property valuations by Mr. G W G Abeygunawardene (Chartered Valuation Surveyor)										
Land and building of										
Softlogic Holdings PLC	262, Gagarama Road, Piliyandala	OMV/ DCC	1 A 2 R 21 P	13 buildings	-	1.45	1.40	980 - 7,150	1,000 - 7,250	Positive
Odel PLC	29 A, Jayatilake Mw., Panadura	OMV/ DCC/ IA	1 R 2.16 P	1 building	-	4.70	4.50	5,750 - 8,250	5,500 - 7,650	Positive
	18 & 20, Sama Mw., Boralessgomuwa	OMV/ DCC	20.0 P	1 building	-	2.85	2.60	6,500 - 6,900	6,000 - 6,500	Positive
Odel Properties (Pvt) Ltd	475/32, Kotte Road, Rajagiriya	OMV/ DCC/ IA	1 R 7.42 P	1 building	-	10.75	10.25	6,750 - 9,750	5,500 - 9,500	Positive
Footwear Retailer (Pvt) Ltd	100, General Sir John Kotalawala Road, Ratmalana	OMV/ DCC	4 A 2R 11.50 P	3 buildings	-	1.30 - 2.28	-	730 - 5,300	-	Positive
	23A, Janapriya Mawatha, Panadura	OMV/ DCC	1 P	1 building	-	5.20	-	4,500 - 4,850	-	Positive
	15, Matara Road, Tangalla	OMV/ DCC	2.90 P	1 building	-	3.20	-	4,000 - 4,850	-	Positive

NOTES TO THE FINANCIAL STATEMENTS

Company	Property	Method of valuation	Extent	No of buildings	Capitalising rate	Range of estimates for significant unobservable inputs				Correlation to fair value
						Per perch value - Rs. Mn.		Per square foot value - Rs.		
						2024	2023	2024	2023	
Property valuations by Mr. S Sivaskantha (Chartered Valuer)										
Land and building of										
Asiri Hospital Holdings PLC	181,Kirula Road, Colombo 05	IA	1 A 2 R 13.98 P	4 buildings	7.50%	14.00	15.00**	8,000 - 22,000	5,750 - 14,500**	Positive
Central Hospital Ltd	114, Norris Canal Road, Colombo 10	IA	1 A 21.03 P	1 building	7.50%	14.50	14.00**	6,500 - 17,000	5,250 - 14,600**	Positive
Asiri Hospital Matara (Pvt) Ltd	26, Esplande Road, Uyanwatta, Matara	IA	1 A 2 R 1.5 P	5 buildings	8.50%	2.00	2.00 - 1.80**	2,000 - 17,500	1,250 - 14,750**	Positive
Asiri Hospital Galle (Pvt) Ltd	59, Wackwella Road, Galle	IA	3 R 33.20 P	7 buildings	8.50%	7.50	8.00**	7,000 - 15,000	5,000 - 13,750**	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		15.00	20.00	15,000	9,000	Positive

** previous valuation was carried out by Mr. G W G Abeygunawardene (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.

Income approach (IA)

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	
	2024	2023
At cost	4,138,159	3,925,996
At valuation	45,733,557	43,744,772
	49,871,716	47,670,768

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

21.5 Carrying value

In Rs. '000 As at 31 March	GROUP		COMPANY	
	2024	2023	2024	2023
At cost	15,138,432	16,340,315	61,081	83,444
At valuation	45,733,557	43,744,772	-	-
	60,871,989	60,085,087	61,081	83,444

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	
			2024	2023
Cost	14,502,619	9,080,493	23,583,112	23,567,771
Accumulated depreciation	(2,348,222)	(1,646,972)	(3,995,194)	(3,397,696)
Carrying value	12,154,397	7,433,521	19,587,918	20,170,075

21.7 Property, plant and equipment pledged as securities

Group land and buildings with a carrying value of Rs. 27,739.03 Mn (2023 - Rs. 18,297.15 Mn) have been pledged as security for term loans obtained, details of which are disclosed in note 53.

21.8 Fully depreciated but still in use

Group property, plant and equipment with a cost of Rs. 11,373.76 Mn (2023 - Rs.9,633.11 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. 107.67 Mn (2023 - Rs. 93.23 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 22.1 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/ Company as at the reporting date.

22. RIGHT OF USE ASSETS

ACCOUNTING POLICY

Set out below are the accounting policies of the Group upon adoption of SLFRS 16, which have been applied from the date of initial application:

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 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. 663.65 Mn (2023 - Rs. 460.63 Mn) has recognised in income statement.

NOTES TO THE FINANCIAL STATEMENTS

22.1 Right of use assets

GROUP

In Rs. '000 As at 31 March	Leasehold properties	Motor vehicles	Total 2024	2023
Cost				
At the beginning of the year	13,772,113	111,058	13,883,171	13,204,997
Acquisition of subsidiary	328,336	-	328,336	45,750
Additions	1,676,904	(49,519)	1,627,385	2,272,218
Transfers	-	(2,456)	(2,456)	(432,435)
Derecognition	(601,207)	-	(601,207)	(1,205,985)
Exchange difference	(5,160)	-	(5,160)	(1,374)
At the end of the year	15,170,986	59,083	15,230,069	13,883,171
Accumulated amortisation				
At the beginning of the year	6,038,047	52,350	6,090,397	4,747,563
Acquisition of subsidiary	157,242	-	157,242	-
Amortisation expense	2,205,402	12,956	2,218,358	1,820,188
Transfers	-	(31,228)	(31,228)	(246,711)
Derecognition	(478,136)	-	(478,136)	(228,938)
Exchange difference	(3,368)	(1,199)	(4,567)	(1,705)
At the end of the year	7,919,187	32,879	7,952,066	6,090,397
Carrying value				
As at 31 March 2024	7,251,799	26,204	7,278,003	
As at 31 March 2023	7,734,066	58,708		7,792,774

COMPANY

In Rs. '000 As at 31 March	Leasehold properties	Motor vehicles	Total 2024	2023
Cost				
At the beginning of the year	285,066	18,269	303,335	280,226
Additions	24,831	-	24,831	23,109
Disposals	-	-	-	-
At the end of the year	309,897	18,269	328,166	303,335
Accumulated amortisation				
At the beginning of the year	80,871	6,497	87,368	36,650
Amortisation expense	47,521	2,284	49,805	50,718
Disposals	-	-	-	-
At the end of the year	128,392	8,781	137,173	87,368
Carrying value				
As at 31 March 2024	181,505	9,488	190,993	
As at 31 March 2023	204,195	11,772		215,967

22.2 Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements for the period ended 31 March 2024 and 31 March 2023.

In Rs. '000 As at 31 March	GROUP		COMPANY	
	2024	2023	2024	2023
At the beginning of the year	7,492,009	7,937,139	223,331	241,374
Acquisition of subsidiary	232,124	45,750	-	-
Additions	1,599,838	2,118,176	24,831	23,109
Derecognition	(105,838)	(987,424)	-	-
Interest expense	1,182,390	852,218	24,684	24,609
Payments	(2,958,972)	(2,474,017)	(66,711)	(65,761)
Exchange difference	227	167	-	-
At the end of the year	7,441,778	7,492,009	206,135	223,331
Repayable within one year	1,821,314	1,896,051	36,595	38,356
Repayable after one year	5,620,464	5,595,958	169,540	184,975
	7,441,778	7,492,009	206,135	223,331

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		COMPANY	
	2024	2023	2024	2023
Amounts recognised in income statement				
Amortisation of right of use assets	2,218,358	1,820,188	49,805	50,718
Interest expense on lease liabilities	1,169,328	833,460	24,684	24,609

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.

NOTES TO THE FINANCIAL STATEMENTS

In Rs. '000 As at 31 March	GROUP		COMPANY	
	2024	2023	2024	2023
At the beginning of the year	2,252,523	2,175,037	1,057,150	939,705
Change in fair value during the year	36,114	77,486	8,853	117,445
Disposals during the year	-	-	(12,803)	-
At the end of the year	2,288,637	2,252,523	1,053,200	1,057,150

23.1 Amounts recognised in income statement relating to investment properties

Following are the amounts recognised in the income statement.

In Rs. '000 For the year ended 31 March	GROUP		COMPANY	
	2024	2023	2024	2023
Amounts recognised in income statement				
Revenue	-	-	161,334	134,195
Direct operating expenses	-	-	101,749	99,423

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 property 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. The date of the most recent revaluation was on 31 March 2024.

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.

Valuation details of investment properties - Group

Company	Property	Method of valuation	Extent	Range of estimates for significant unobservable inputs		Correlation to fair value
				Per perch value - Rs. Mn		
				2024	2023	
Property valuations by Mr. G W G Abeygunawardene (Chartered Valuation Surveyor)						
Land of						
Softlogic Retail (Pvt) Ltd	Dekatana, Gampaha	OMV	20 A 2 R 27 P	0.06	0.06	Positive
Odel Lanka (Pvt) Ltd	271 & 271F, Kaduwela Road, Thalangama & 197/C, Kalapaluwawa Road, Thalangama	OMV	1 A 2 R 25.7 P	8.30	8.20	Positive
Softlogic Communications (Pvt) Ltd	Kahandamodara Road, Kahaduwa, Ranna	OMV	44.7 P	0.09	0.09	Positive
	Matara - Hambanthota Road, Ranna, Thangalla	OMV	27.7 P	0.13	0.11	Positive
	Udaya Mw., Heiyanthuduwa, Biyagama	OMV	14 P	0.38	0.32	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				Correlation to fair value
					Per perch value - Rs. Mn.		Per square foot value - Rs.		
					2024	2023	2024	2023	

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	0.02	1,000 - 5,000	1,000 - 5,000	Positive
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Property valuations by Mr. G W G Abeygunawardene (Chartered Valuation Surveyor)

Land and building of

Softlogic Communications (Pvt) Ltd	Jayabima Road, Panagoda	OMV	15.58 P	2 buildings	0.75	0.43	5,250 - 5,500	4,000 - 4,250	Positive
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Valuation details of investment properties - Company

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.		
					2024	2023	2024	2023	

Property valuations by Mr. G W G Abeygunawardene (Chartered Valuation Surveyor)

Land of

Softlogic Holdings PLC	14, De Fonseka Place, Colombo 05	OMV	22.45 P	-	19.22	20.25 - 19.00	-	-	Positive
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Land and building of

Softlogic Holdings PLC	262, Gagarama Road, Piliyandala	IA	1 A 2 R 21 P	8 buildings	1.45	1.40	890 - 7,150	1,000 - 7,250	Positive
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Summary description of valuation methodologies are disclosed under property, plant and equipment and note no. 21.3 to the financial statements.

NOTES 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.

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 Total		COMPANY Computer Software	
As at 31 March						2024	2023	2024	2023
Cost / carrying value									
At the beginning of the year	4,763,210	892,406	1,980,620	1,509,085	1,746,039	10,891,360	10,867,899	6,028	4,929
Additions	-	-	-	-	56,103	56,103	27,800	-	4,226
Impairment/ derecognition	-	-	-	-	(880)	(880)	(3,127)	-	(3,127)
Exchange translation difference	-	-	-	-	(6,807)	(6,807)	(1,212)	-	-
At the end of the year	4,763,210	892,406	1,980,620	1,509,085	1,794,455	10,939,776	10,891,360	6,028	6,028
Accumulated amortisation and impairment									
At the beginning of the year	-	267,998	1,433,888	-	1,009,013	2,710,899	2,406,686	4,663	3,096
Amortisation	-	22,484	123,789	-	146,295	292,568	308,693	1,365	4,694
Impairment/ derecognition	-	-	-	-	-	-	(3,127)	-	(3,127)
Exchange translation difference	-	-	-	-	(4,554)	(4,554)	(1,353)	-	-
At the end of the year	-	290,482	1,557,677	-	1,150,754	2,998,913	2,710,899	6,028	4,663
Carrying value									
As at 31 March 2024	4,763,210	601,924	422,943	1,509,085	643,701	7,940,863		-	
As at 31 March 2023	4,763,210	624,408	546,732	1,509,085	737,026		8,180,461		1,365

* Other intangible assets include purchased software and software licenses, other license fee and franchise fee paid on acquiring operational rights.

NOTES TO THE FINANCIAL STATEMENTS

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	2024	2023	2024	2023
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 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 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 discount 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.

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, investments in subsidiaries are accounted in accordance with SLFRS 9 - Financial Instruments.

The Company measures the investment in subsidiaries at fair value at each balance sheet date using Discounted Cash Flow methodology (DCF) and Net Assets methodology.

In Rs. '000 As at 31 March	Note	COMPANY	
		2024	2023 Restated
Fair value of quoted investments	25.1	44,912,930	38,551,663
Fair value of unquoted investments	25.2	39,848,875	38,433,131
		84,761,805	76,984,794

25.1 Group quoted investments

In Rs. '000 As at 31 March	GROUP		COMPANY		2024	2023 Restated
	No of shares	Effective holding %	No of shares	Holding %		
Financial assets at FVOCI						
Asiri Hospital Holdings PLC	641,981,927	55.65	627,025,050	55.12	38,794,801	30,480,121
Asiri Surgical Hospital PLC	422,555,413	44.50	-	-	-	-
Odel PLC	265,920,868	97.72	-	-	-	-
Softlogic Capital PLC	755,960,543	77.36	755,960,543	77.36	5,934,613	7,885,665
Softlogic Finance PLC	586,700,575	73.75	5,657,598	1.15	44,573	24,038
Softlogic Life Insurance PLC	194,121,310	40.06	175,550	0.05	138,943	161,839
					44,912,930	38,551,663

Group quoted investments

In Rs. '000 As at 31 March	GROUP		COMPANY	
	2024	2023	2024	2023
Market Value				
Asiri Hospital Holdings PLC	16,049,548	15,985,350	15,675,626	15,612,924
Asiri Surgical Hospital PLC	4,901,643	5,281,943	-	-
Odel PLC	3,456,971	4,467,471	-	-
Softlogic Capital PLC	5,140,532	8,391,162	5,140,532	8,391,162
Softlogic Finance PLC	3,344,193	4,576,264	32,248	44,129
Softlogic Life Insurance PLC	12,831,419	16,383,839	11,604	14,816
	45,724,306	55,086,029	20,860,010	24,063,031

NOTES TO THE FINANCIAL STATEMENTS

25.2 Group unquoted investments

In Rs. '000 As at 31 March	GROUP		COMPANY			
	Number of shares	Effective holding %	Number of shares	Holding %	2024	2023 Restated
Asiri A O I Cancer Centre (Pvt) Ltd	2,700,000	22.25	-	-	-	-
Asiri Academy of Health Sciences (Pvt) Ltd	1	55.65	-	-	-	-
Asiri Central Hospitals Ltd	10,925,927	52.58	-	-	-	-
Asiri Diagnostic Services (Asia) Pte Ltd	1	55.65	-	-	-	-
Asiri Diagnostics Services (Pvt) Ltd	273,221	37.03	-	-	-	-
Asiri Hospital Galle (Pvt) Ltd	44,000,002	55.65	-	-	-	-
Asiri Hospital Matara (Pvt) Ltd	25,999,999	55.65	-	-	-	-
Asiri Laboratories (Pvt) Ltd	100,000	55.65	-	-	-	-
Asiri Port City Hospital (Pvt) Ltd	1	55.65	-	-	-	-
Central Hospital Ltd	214,539,804	55.50	-	-	-	-
Ceysand Resorts Ltd - Voting Shares	17,087,669	99.90	-	-	-	-
- Non Voting Shares	134,250	96.58	-	-	-	-
Cotton Collection (Pvt) Ltd	5,100,100	97.72	-	-	-	-
Dai-Nishi Securities (Pvt) Ltd	49,999,998	99.99	-	-	-	-
Footwear Retailer (Pvt) Ltd	34,646,875	100.00	-	-	-	-
Future Automobiles (Pvt) Ltd	19,300,000	100.00	19,300,000	100.00	98,248	68,314
Odel Apparel Holdings (Pvt) Ltd	1	97.72	-	-	-	-
Odel Apparel Lanka (Pvt) Ltd	1	97.72	-	-	-	-
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	311,331,100	97.72	-	-	-	-
Odel Restaurants (Pvt) Ltd	100,000	97.72	-	-	-	-
Silk Route Foods (Pvt) Ltd	5,100	51.00	-	-	-	-
SML Holdings (Pvt) Ltd	99,999	99.99	-	-	-	-
Softlogic Australia (Pty) Ltd - Ordinary Shares	1,900,002	100.00	1,900,002	100.00	9,868	29,189
- Preference Shares	256,578	100.00	256,578	100.00	31,687	31,687
S R One (Pvt) Ltd	1,000,000	77.54	-	-	-	-
SCAP One (Pvt) Ltd (previously known as Softlogic Ventures (Pvt) Ltd)	158,910,940	77.54	-	-	-	-
Softlogic Asset Management (Pvt) Ltd	5,000,002	77.54	-	-	-	-
Softlogic Automobiles (Pvt) Ltd	5,000,000	100.00	5,000,000	100.00	178,329	172,405
Softlogic B P O Services (Pvt) Ltd	5,100,000	100.00	5,100,000	100.00	107,084	74,201
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	-	-	-	838,397
Softlogic Corporate Services (Pvt) Ltd	2,725,002	100.00	2,725,002	100.00	97,649	81,714
Softlogic Destination Management (Pvt) Ltd	100,000	100.00	100,000	100.00	-	-
Softlogic Healthcare Holdings (Pvt) Ltd	100,000	100.00	100,000	100.00	-	-
Softlogic Healthy Concepts (Pvt) Ltd	1	60.00	-	-	-	-
Softlogic Information Technologies (Pvt) Ltd	436,496	100.00	-	-	-	4,607,748
Softlogic International (Pvt) Ltd	669,808	100.00	-	-	-	-
Softlogic IT Holdings (Pvt) Ltd (previously known as Softlogic Investments (Pvt) Ltd)	543,789,635	100.00	543,789,635	100.00	5,366,935	-
Softlogic JSM Entertainment (Pvt) Ltd	1	100.00	-	-	-	-

In Rs. '000 As at 31 March	GROUP		COMPANY			
	Number of shares	Effective holding %	Number of shares	Holding %	2024	2023 Restated
Softlogic Mobile Distribution (Pvt) Ltd	1,000,000	100.00	-	-	-	-
Softlogic Pharmaceuticals (Pvt) Ltd	2,500,000	100.00	-	-	-	-
Softlogic Properties (Pvt) Ltd	483,821,208	100.00	483,821,208	1,000.00	2,260,816	1,624,414
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	1,371,812,380	100.00	31,698,259	30,905,062
Softlogic Retail One (Pvt) Ltd	100,000	100.00	100,000	100.00	-	-
Softlogic Rewards (Pvt) Ltd	100,000	100.00	100,000	100.00	-	-
Softlogic Solar (Pvt) Ltd	100	100.00	100	100.00	-	-
Softlogic Stockbrokers (Pvt) Ltd	23,500,000	61.97	-	-	-	-
Softlogic Supermarkets (Pvt) Ltd	82,100,000	100.00	-	-	-	-
Suzuki Motors Lanka Ltd	13,959,994	99.99	-	-	-	-
					39,848,875	38,433,131

Accounting judgements, estimates and assumptions

Impairment of investment in subsidiaries

The Company measures the investment in subsidiaries at fair value at each balance sheet date using Discounted Cash Flow methodology (DCF) and Net Assets methodology.

Changes in fair value of quoted and unquoted investment in subsidiaries are recognised in the Statement of Other Comprehensive Income statement. The management has used either Discounted Cash Flow Methodology (DCF) or Net Assets Methodology approach in determining the fair value of each entity. Further details on fair value of quoted and unquoted investments are disclosed in the below note.

Investment made in	Valuation methodology used	Terminal Growth			Discount Rate		Correlation to fair value	
		2024	2023	2022	2024	2023		2022
Asiri Hospital Holdings PLC	DCF based on proportionate fair valuation of assets and liabilities of Asiri Hospital Holdings PLC	4.00%	5.00%	5.00%	15.87% - 16.67%	33.40% - 20.01%	17.73% - 18.48	Positive
Softlogic Capital PLC	NAV based on proportionate fair valuation of assets and liabilities of Softlogic Capital PLC	4.00%	4.00%	3.00% - 4.00%	13.00% - 15.50%	13.8%- 30.6%	17.30% - 20.50%	
Future Automobiles (Pvt) Ltd	DCF Methodology	5.00%	3.00%	3.00%	14.84%	12.90% - 22.80%	15.65%	Positive
Softlogic Automobiles (Pvt) Ltd	DCF Methodology	5.00%	3.00%	3.00%	15.11%	14.2% - 24.10%	16.26%	Positive
Softlogic IT Holdings (Pvt) Ltd	NAV based on proportionate fair valuation of assets and liabilities of Softlogic IT Holdings (Pvt) Ltd	3.50%	-	-	19.23% - 19.90%	-	-	Positive
Softlogic Computers (Pvt) Ltd	DCF Methodology	-	5.00%	5.00%	-	13.60% - 30.40%	17.30%	
Softlogic Information Technologies (Pvt) Ltd	DCF Methodology	-	5.00%	5.00%	-	19.90% - 36.70%	22.20%	

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Investment made in	Valuation methodology used	Terminal Growth			Discount Rate			Correlation to fair value
		2024	2023	2022	2024	2023	2022	
Softlogic Properties (Pvt) Ltd	NAV based on the share of fair value attributable to Softlogic Properties (Pvt) Ltd investments in its subsidiary companies	5.00%	5.00%	5.00%	14.53% - 15.64%	13.40% - 23.40%	14.10% - 15.39%	Positive
Softlogic Retail Holdings (Pvt) Ltd	NAV based on proportionate fair valuation of assets and liabilities of Softlogic Retail Holdings (Pvt) Ltd	2.00% - 5.00%	2.00% - 5.00%	2.00% - 21.00%	11.02% - 22.01%	12.70 - 33.40%	5.00% - 23.40%	Positive
Softlogic Australia (Pty) Ltd	Net Asset Basis	-	-	-	-	-	-	-
Softlogic B P O Services (Pvt) Ltd	Net Asset Basis	-	-	-	-	-	-	-
Softlogic Corporate Services (Pvt) Ltd	Net Asset Basis	-	-	-	-	-	-	-
Softlogic Destination Management (Pvt) Ltd	Net Asset Basis	-	-	-	-	-	-	-
Softlogic Healthcare Holdings (Pvt) Ltd	Net Asset Basis	-	-	-	-	-	-	-
Softlogic Retail One (Pvt) Ltd	Net Asset Basis	-	-	-	-	-	-	-
Softlogic Rewards (Pvt)Ltd	Net Asset Basis	-	-	-	-	-	-	-
Softlogic Solar (Pvt) Ltd	Net Asset Basis	-	-	-	-	-	-	-

Investment made in	Valuation methodology used	Terminal Growth			Discount Rate			Correlation to fair value
		2024	2023	2022	2024	2023	2022	
Softlogic Finance PLC	Residual Income	0.6	0.6	0.6	18.51%	16.00% - 32.00%	15.30% - 27.90%	Positive

Investment made in	Valuation methodology used	Risk Discount Rate			Correlation to fair value
		2024	2023	2022	
Softlogic Life Insurance PLC	Appraisal value	17.00%	18.00%	16.00%	Positive

26. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES**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 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
Softlogic Manufacturing (Pvt) Ltd	Sri Lanka	20.00

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 the case of associates whose reporting date is different to Group's reporting date, adjustments are made for significant transactions or events up to 31 March.

In Rs. '000 As at 31 March	Note	GROUP		COMPANY	
		2024	2023	2024	2023
Investments in equity accounted investees	26.1	20,013	64,083	9,750	41,000
		20,013	64,083	9,750	41,000

NOTES TO THE FINANCIAL STATEMENTS

26.1 Group investments in equity accounted investees

In Rs. '000 As at 31 March	Note	GROUP		COMPANY	
		2024	2023	2024	2023
Investments in associates					
Unquoted					
Gerry's Softlogic (Pvt) Ltd		-	-	2,700	2,700
Nextage (Pvt) Ltd		-	1,790	1,250	1,250
Jendo Innovations (Pvt) Ltd		26,893	28,576	30,000	30,000
Sabre Travel Network Lanka (Pvt) Ltd		37,190	13,908	9,750	9,750
Softlogic Manufacturing (Pvt) Ltd		-	-	-	-
		64,083	44,274	43,700	43,700
Less : impairment of investment in equity accounted investees		(23,048)	-	(33,950)	(2,700)
		41,035	44,274	9,750	41,000
Share of profit accruing to the group	26.2	10,043	38,960	-	-
Share of OCI accruing to the group	26.2	(1,065)	849	-	-
Share of associate companies dividend of equity accounted investees		(30,000)	(20,000)	-	-
		20,013	64,083	9,750	41,000

26.2 Summarised financial information of equity accounted investees

In Rs. '000 As at 31 March	Equity accounted investees	
	2024	2023
Group share of:		
Revenue	82,230	81,635
Operating expenses	(72,187)	(50,099)
Other income	-	7,424
Profit for the year	10,043	38,960
Group share of:		
Share of other comprehensive income/ (loss) of equity accounted investees	(1,065)	849
Net share of other comprehensive income/ (loss) for the year	(1,065)	849
Group share of:		
Total assets	72,608	90,795
Total liability	(46,678)	(43,843)
Net assets	25,930	46,952
Deferred tax on undistributable profits	(5,917)	(5,917)
Goodwill	-	23,048
	20,013	64,083
Contingent liabilities	Nil	Nil
Capital commitments	Nil	Nil
Adjustment on losses exceeding interest in equity accounted investees	7,843	2,265

27. NON - CURRENT FINANCIAL ASSETS

In Rs. '000 As at 31 March	Note	GROUP		COMPANY	
		2024	2023	2024	2023
Other quoted equity investments	27.1	2,557,405	1,271,166	-	-
Other unquoted equity investments	27.2	30,000	385,640	-	-
Other non equity investments	27.3	31,702,291	31,764,614	-	1,562,784
		34,289,696	33,421,420	-	1,562,784

27.1 Other quoted equity investments

In Rs. '000 As at 31 March	Number of shares	GROUP	
		2024	2023
ACL Cables PLC	1,232	104	102
Cargills Bank PLC	34,000,000	268,600	-
National Development Bank PLC	33,634,790	2,287,166	1,200,364
Seylan Bank PLC	-	-	69,930
Seylan Bank PLC - Non Voting Shares	40,390	1,535	770
		2,557,405	1,271,166

27.2 Other unquoted equity investments

In Rs. '000 As at 31 March	Number of shares	GROUP	
		2024	2023
Cargills Bank PLC	-	-	355,640
Digital Health (Pvt) Ltd	3,000,000	30,000	30,000
		30,000	385,640

27.3 Other non equity investments

In Rs. '000 As at 31 March	Note	GROUP		COMPANY	
		2024	2023	2024	2023
Debentures		5,353,585	6,947,664	-	-
Fixed deposits		7,500	249,967	-	-
Government securities		25,900,508	22,748,874	-	-
Investment in securitised borrowings		-	459,422	-	-
Loans and advances	32	437,063	1,354,956	-	-
Loans to executives		3,604	3,700	-	-
Loans to subsidiaries		-	-	-	1,562,784
Placement with banks and financial institutions		31	31	-	-
		31,702,291	31,764,614	-	1,562,784

NOTES TO THE FINANCIAL STATEMENTS

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 As at 31 March	GROUP					
	Rental receivable on lease assets	2024 Rental receivable on hire purchase	Total	Rental receivable on lease assets	2023 Rental receivable on hire purchase	Total
Rental receivables	4,842,345	-	4,842,345	10,021,136	-	10,021,136
Unearned income	(931,281)	-	(931,281)	(2,444,979)	-	(2,444,979)
Impairment	(320,759)	-	(320,759)	(481,774)	-	(481,774)
	3,590,305	-	3,590,305	7,094,383	-	7,094,383

28.2 Receivable within one year

In Rs. '000 As at 31 March	GROUP					
	Rental receivable on lease assets	2024 Rental receivable on hire purchase	Total	Rental receivable on lease assets	2023 Rental receivable on hire purchase	Total
Rental receivables	535,030	78,295	613,325	843,503	79,186	922,689
Unearned income	(13,167)	-	(13,167)	(34,299)	-	(34,299)
Impairment	(144,860)	(47,063)	(191,923)	(125,483)	(36,452)	(161,935)
	377,003	31,232	408,235	683,721	42,734	726,455
Total rental receivable	3,967,308	31,232	3,998,540	7,778,104	42,734	7,820,838

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.

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 2024
Gross rental receivables - subject to collective impairment	1,542,249	1,158,243	1,810,730	4,511,222
Allowance for expected credit losses (ECL)	(6,926)	(26,413)	(479,343)	(512,682)
	1,535,323	1,131,830	1,331,387	3,998,540

In Rs. '000 As at 31 March	Stage 1	Stage 2	Stage 3	Total 2023
Gross rental receivables - subject to collective impairment	3,013,038	2,078,717	3,372,792	8,464,547
Allowance for expected credit losses (ECL)	(19,569)	(75,555)	(548,585)	(643,709)
	2,993,469	2,003,162	2,824,207	7,820,838

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 2024
Balance as at 01 April 2023	19,569	75,555	548,585	643,709
Charge to income statement	(12,643)	(49,142)	(69,242)	(131,027)
	6,926	26,413	479,343	512,682

In Rs. '000 As at 31 March	Stage 1	Stage 2	Stage 3	Total 2023
Balance as at 01 April 2022	37,045	131,673	185,840	354,558
Charge to income statement	(17,476)	(56,118)	362,745	289,151
	19,569	75,555	548,585	643,709

29. OTHER NON-CURRENT ASSETS

In Rs. '000 As at 31 March	Note	GROUP 2024	2023
Rent advances		874,976	813,531
Deferred expenditure		-	1,259
Work-in-progress - Odel Mall project	29.1	15,501,899	14,942,242
		16,376,875	15,757,032

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 641,100 sq. ft., comprising of retail and associate facilities, offices, 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. The amount of borrowing costs capitalised during the year ended 31 March 2024 was Rs. 1,039.76 Mn (2023 – Rs. 1,317.34 Mn).

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of work-in-progress (WIP) - Odel Mall project

In Rs. '000 As at 31 March	GROUP	
	2024	2023
At the beginning of the year	14,942,242	6,825,996
Additions during the period	1,327,090	2,307,201
Impairment during the period	(767,433)	-
Transfer of property, plant and equipment to other non-current assets	-	5,809,045
At the end of the year	15,501,899	14,942,242

Odel Mall Project - Construction work-in-progress segregation and classification

The Group has segregated the cost incurred for the Odel Mall project under the Odel Mall portion and apartment portion separately in the financial statements. Odel Mall cost portion of the project will be categorised under Property, Plant and Equipment and investment property and currently it is under Other non-current assets as capital work in progress. Apartment cost portion of the project will be categorised under current assets as inventory work in progress.

The cost segregation is based on following guidelines;

- net floor area
- element of work
- functional allocation

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, 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 properties	Office premises and retail space	88%
Inventory	Apartments	12%
		100%

29.2 Current status of Odel Mall project

Currently the superstructure of phase One of Odel Mall Project is completed up to the sixth floor including five basements. The Group is anticipated to complete this whole project within a period of 24 months.

29.3 Accounting judgements, estimates and assumptions

Impairment of work-in-progress - Odel Mall project

The construction of the Odel Mall Project has been significantly impacted by changes in the economic and political environment in Sri Lanka over recent years. These challenges led to the temporary suspension of construction work occasionally from late 2022 and during 2023.

As a result of these events, the Company identified an indication of impairment for the work in progress on the Odel Mall project. In

compliance with LKAS 36 – Impairment of Assets, an impairment assessment was conducted, and the Company recognised an impairment loss in the financial year ended 31 March 2024.

29.3.1 Impairment losses recognised in the Income Statement

The impairment loss recognised in relation to the work in progress for the Odel Mall Project amounted to Rs. 767.43 Mn. This impairment loss has been recorded under 'Administration Expenses' in the Income Statement for the year ended 31 March 2024.

29.3.2 Basis for determining the recoverable amount

The recoverable amount of the building work-in-progress was determined using the value-in-use (VIU) methodology. The value-in-use was calculated by estimating the future cash flows expected to arise from the continuation of the project, discounted to present value using an appropriate discount rate.

29.3.3 The key assumptions used to determine the recoverable amount for the different cash generating units, are as follows:**29.3.3.1 Future funding**

The value-in-use computation model has taken into consideration the following funding milestones to complete the project.

Method Rs. '000	2024/25	2025/26	2026/27	Total
Equity infusion	500,000	8,000,000	-	8,500,000
Short term Loan	-	-	2,417,064	2,417,064
Syndicate loan	300,000	304,814	-	604,814
Future apartment sales	-	1,300,205	6,428,494	7,728,699
	800,000	9,605,019	8,845,558	19,250,577

29.3.3.2 Discount rates

The discount rate used is the risk free rate, adjusted by the addition of an appropriate risk premium. The pre-tax discount rate applied to cash flow projections is 14.49% (2023 - 21.45% - 12.65%).

29.3.3.3 Growth rate

The management has estimated 5% (2023 - 5.5%) terminal growth rate in the cash flow beyond the eight-year period is estimated.

29.3.3.4 Terminal growth

The management has estimated 5% annual revenue growth rate to extrapolate cash flows beyond the budget period.

29.3.3.5 Occupancy

Occupancy has been forecasted 60% - 90% (2023 : 60% - 90%) on a reasonable basis by taking into account based on the past experience adjusted to future industry growth.

29.3.3.6 Operating lease

Operating lease expenses forecasted 3% of the fair value of the land.

29.4 Other non-current assets pledged as securities

Group other non-current assets with a carrying value of Rs. 5,400.00 Mn have been pledged as security for term loans obtained, details of which are disclosed in note 53.

29.5 Revaluation of land component in other non-current assets**Accounting judgements, estimates and assumptions**

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

Details of group's land included under other non-current assets stated at valuations are indicated below:

Company	Property	Method of valuation	Extent	Range of estimates for significant unobservable inputs		Correlation to fair value
				Per perch value - Rs. Mn.		
				2024	2023	
Property valuations by Mr. G W G Abeygunawardene (Chartered Valuation Surveyor)						
Odel PLC	Dr. C W W. Kannangara Mw., Colombo 07	OMV/ DCC	1 A 3 R 27.58 P	20.50 - 22.00	20.50 - 22.00	Positive

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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:

- Manufactured finished goods - cost of direct materials and direct labour and an appropriate proportion of fixed overheads based on normal operating capacity
- Purchased finished goods - at actual cost on first-in first-out basis or weighted average cost
- Apartment inventory and apartment inventory in WIP - actual cost
- Other stock - actual cost

In Rs. '000	Note	GROUP		Company	
As at 31 March		2024	2023	2024	2023
Finished goods		5,664,886	5,875,106	-	-
Apartment inventory		329,068	372,920	-	-
Other stocks		3,766,216	3,450,789	-	281
		9,760,170	9,698,815	-	281
Less - provision for write-down of inventories	30.1	(1,277,634)	(764,364)	-	-
		8,482,536	8,934,451	-	281

30.1 Movement in provision for write-down of inventories

In Rs. '000	GROUP	
As at 31 March	2024	2023
At the beginning of the year	764,364	725,346
Acquisition of subsidiary	26,278	-
Provision for write-down of inventories	578,243	58,612
Written off during the year	(91,251)	(19,594)
At the end of the year	1,277,634	764,364

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		2024	2023	2024	2023
Trade receivables	31.1	7,506,867	6,051,128	836,874	679,662
Reinsurance receivables		590,744	712,689	-	-
Loans to executives		33,881	119,817	10,815	9,060
Other receivables	31.2	1,328,267	1,390,119	37,612	24,369
		9,459,759	8,273,753	885,301	713,091

31.1 Trade receivables

In Rs. '000	Note	Gross	Unearned income	GROUP		COMPANY	
As at 31 March				2024	2023	2024	2023
Hire purchase debtors		1,943,710	(39,008)	1,904,702	2,055,294	-	-
Trade receivables		8,219,979	-	8,219,979	6,491,612	1,109,016	1,014,219
		10,163,689	(39,008)	10,124,681	8,546,906	1,109,016	1,014,219
Less - provision for impairment of trade receivables	31.3.1			(2,617,814)	(2,495,778)	(272,142)	(334,557)
		10,163,689	(39,008)	7,506,867	6,051,128	836,874	679,662

31.2 Other receivables

In Rs. '000	GROUP		COMPANY	
As at 31 March	2024	2023	2024	2023
Other receivables	1,376,381	1,438,233	85,726	72,483
Less - provision for impairment of other receivables	(48,114)	(48,114)	(48,114)	(48,114)
	1,328,267	1,390,119	37,612	24,369

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	2024	2023	2024	2023
At the beginning of the year	2,495,778	2,469,340	334,557	149,799
Acquisition of subsidiary	43,886	-	-	-
Provision for impairment of trade receivables	100,199	92,420	(62,415)	184,758
Written offs during the year	(22,049)	(65,982)	-	-
At the end of the year	2,617,814	2,495,778	272,142	334,557

NOTES TO THE FINANCIAL STATEMENTS

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.

In Rs. '000	Gross	Unearned income	GROUP	
As at 31 March			2024	2023
Consumer loan receivables	10,941	(3)	10,938	13,185
Factoring receivables	88,806	-	88,806	149,004
Gold loan receivables	1,366,110	-	1,366,110	4,565,628
Other loan receivables	4,594,712	(623,947)	3,970,765	4,998,177
Personal loan receivables	714,908	(45,698)	669,210	755,730
Revolving loan receivables	671,103	(1,793)	669,310	698,773
SME loan receivables	1,027,869	(2,669)	1,025,200	1,107,783
Gross loan receivable	8,474,449	(674,110)	7,800,339	12,288,280
Less - Allowance for impairment			(3,961,196)	(3,451,604)
	8,474,449	(674,110)	3,839,143	8,836,676
Policyholders loans	328,870	-	328,870	274,514
	8,803,319	(674,110)	4,168,013	9,111,190
Loans and advances				
Receivable within one year			3,730,950	7,756,234
Receivable after one year (Note - 27.3)			437,063	1,354,956
			4,168,013	9,111,190

32.1 Accounting judgements, estimates and assumptions

32.1.1 Impairment of loans and advances

Analysis of loan receivables on maximum exposure to credit risk

In Rs. '000	Stage 1	Stage 2	Stage 3	Total
As at 31 March				2024
Gross loan receivables				
- subject to collective impairment (excluding policyholders loans)				
Consumer loan receivables	45	7	10,886	10,938
Factoring receivables	13,015	-	75,791	88,806
Gold loan receivables	881,926	452,379	31,805	1,366,110
Other loan receivables	351,326	11,090	3,608,349	3,970,765
Personal loan receivables	102,040	10,822	556,348	669,210
Revolving loan receivables	-	-	669,310	669,310
SME loan receivables	-	-	1,025,200	1,025,200
Gross loan receivable	1,348,352	474,298	5,977,689	7,800,339
Less - Allowance for expected credit losses (ECL)	(3,968)	(2,340)	(3,954,888)	(3,961,196)
	1,344,384	471,958	2,022,801	3,839,143

In Rs. '000 As at 31 March	Stage 1	Stage 2	Stage 3	Total 2023
Gross loan receivables				
- subject to collective impairment (excluding policyholders loans)				
Consumer loan receivables	387	139	12,659	13,185
Factoring receivables	84,650	11,657	52,697	149,004
Gold loan receivables	2,981,733	952,692	631,203	4,565,628
Other loan receivables	1,003,762	53,245	3,941,170	4,998,177
Personal loan receivables	185,413	7,392	562,925	755,730
Revolving loan receivables	40	-	698,733	698,773
SME loan receivables	1,351	1,525	1,104,907	1,107,783
Gross loan receivable	4,257,336	1,026,650	7,004,294	12,288,280
Less - Allowance for expected credit losses (ECL)	(15,485)	(19,682)	(3,416,437)	(3,451,604)
	4,241,851	1,006,968	3,587,857	8,836,676

32.1.2 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 2024
Balance as at 01 April 2023	15,485	19,682	3,416,437	3,451,604
Charge/ (reversal) to income statement	(11,517)	(17,342)	538,451	509,592
	3,968	2,340	3,954,888	3,961,196

In Rs. '000 As at 31 March	Stage 1	Stage 2	Stage 3	Total 2023
Balance as at 01 April 2022	33,678	73,733	2,569,634	2,677,045
Charge/ (reversal) to income statement	(18,193)	(54,051)	846,803	774,559
	15,485	19,682	3,416,437	3,451,604

The Group established a policy to perform an 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 POCL, as described below.

- Stage 1** 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 result from default events on a financial instrument that are possible within 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.

Stage 2 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 fair value 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	
	2024	2023	2024	2023
Prepayments, advances & non-cash receivables	2,832,255	2,498,508	154,084	38,484
Tax refunds & receivables	756,178	769,872	58,403	48,679
Other receivables	591,659	328,902	-	-
Apartment inventory in WIP	2,152,831	1,978,716	-	-
	6,332,923	5,575,998	212,487	87,163

34. SHORT TERM INVESTMENTS

In Rs. '000 As at 31 March	Note	GROUP		COMPANY	
		2024	2023	2024	2023
Quoted equities at market value	34.1	93,329	15,276	92,768	14,768
Unquoted equity investments	34.2	-	104,600	-	104,600
Other investments (more than 3 months and less than 1 year)	34.3	2,482,082	1,335,929	-	-
		2,575,411	1,455,805	92,768	119,368
Other investments (less than 3 months)					
Commercial papers		1,004,562	1,056,302	-	-
Fixed deposits		458,675	729,333	-	-
Government securities		1,424,700	3,908,917	-	-
Investment in Unit Trust		4,612,887	3,064,600	-	-
Investment in securitised borrowings		223,960	-	-	-
		7,724,784	8,759,152	-	-
		10,300,195	10,214,957	92,768	119,368

34.1 Quoted equities at market value

In Rs. '000 As at 31 March	Number of shares	GROUP		Number of shares	COMPANY	
		2024	2023		2024	2023
ACL Cables PLC	528	44	42	-	-	-
Cargills Bank PLC	10,000,000	79,000	-	10,000,000	79,000	-
Ceylinco Insurance PLC	89	205	205	-	-	-
DFCC Bank PLC	296	22	24	-	-	-
John Keells Holdings PLC	334	22	49	-	-	-
Lanka IOC PLC	63,200	7,379	10,839	63,200	7,379	10,839
Lanka Tiles PLC	997	52	62	-	-	-
National Development Bank PLC	1,557	106	63	-	-	-
Renuka City Hotel PLC	50	18	12	-	-	-
Richard Pieris and Company PLC	210	4	2	-	-	-
Richard Pieris Exports PLC	200	88	49	-	-	-
Sampath Bank PLC	57,709	4,617	2,957	57,709	4,617	2,957
Seylan Bank PLC	166	8	5	166	8	5
Seylan Bank PLC - Non Voting Shares	46,427	1,764	967	46,427	1,764	967
		93,329	15,276		92,768	14,768

NOTES TO THE FINANCIAL STATEMENTS

34.2 Unquoted equity investments

In Rs. '000 As at 31 March	GROUP		COMPANY	
	2024	2023	2024	2023
Cargills Bank PLC	-	104,600	-	104,600
	-	104,600	-	104,600

34.3 Other investments

In Rs. '000 As at 31 March	GROUP	
	2024	2023
More than 3 months and less than 1 year		
Debentures maturing within a year	1,591,253	912,247
Fixed deposits	578,417	32,920
Government securities	22,043	33,497
Investment in securitised papers	290,120	351,051
Investment in Unit Trust	249	249
Placement with banks and financial institutions	-	5,965
	2,482,082	1,335,929

35. CASH AND CASH EQUIVALENTS

In Rs. '000 As at 31 March	GROUP		COMPANY	
	2024	2023	2024	2023
Favourable balances				
Cash in hand and at bank	4,340,269	5,260,169	6,702	1,564,616
	4,340,269	5,260,169	6,702	1,564,616
Unfavourable balances				
Bank overdrafts	9,307,845	9,382,693	70,096	236,206
	9,307,845	9,382,693	70,096	236,206

36. STATED CAPITAL

As at 31 March	2024		2023	
	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 As at 31 March	Note	GROUP		COMPANY	
		2024	2023	2024	2023
Restricted regulatory reserve	37.1	309,613	309,613	-	-
Revaluation reserve	37.2	13,397,639	13,311,383	-	-
Foreign currency translation reserve	37.3	(130,448)	(136,714)	-	-
Fair value reserve of financial assets at FVOCI	37.4	(1,183,528)	(1,552,983)	45,412,911	(24,700)
Statutory reserve fund	37.5	263,436	263,436	-	-
Other reserves	37.6	(1,636,236)	(1,689,786)	-	-
Cash flow hedge reserve	37.7	(3,100,577)	(4,443,631)	-	-
Non distributable regulatory loss allowance reserve	37.8	1,280,511	1,289,904	-	-
		9,200,410	7,351,222	45,412,911	(24,700)

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 dated 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.

37.8 As per section 7.1.3 of Central Bank, Finance Business Act Direction No. 01 of 2020, the Company shall maintain a non-distributable regulatory loss allowance reserve (RLAR) through an appropriation of its retained earnings, where the loss allowance for expected credit loss falls below the regulatory provision. Accordingly, the company has created a RLAR and the amount of the RLAR as of 31 March 2024 was to Rs. 1,736.24 Mn (2023 - Rs. 1,748.97 Mn).

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	
		2024	2023
Insurance contract liabilities	39.1	27,759,130	24,462,094
		27,759,130	24,462,094

NOTES TO THE FINANCIAL STATEMENTS

38.1 Movement in life insurance fund

In Rs. '000 As at 31 March	Note	GROUP	
		2024	2023
At the beginning of the year		24,462,094	22,559,124
Increase in life fund		6,675,552	6,211,266
Transfer to shareholders		(3,217,000)	(4,263,000)
Increase in insurance contract liabilities	38.2	3,458,552	1,948,266
Tax on policyholder bonus & Unit link seed capital		(161,516)	(45,296)
At the end of the year		27,759,130	24,462,094

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.

In Rs. '000 For the year ended 31 March	GROUP	
	2024	2023
Revenue from insurance contracts	25,032,614	20,472,418
Total benefits and claim expense	(18,725,004)	(14,788,416)
Underwriting results	6,307,610	5,684,002
Operating expenses including distribution and administration expenses	(5,505,018)	(4,399,557)
Net finance income	5,872,960	4,926,821
Profit attributable to shareholders	(3,217,000)	(4,263,000)
Change in insurance contract liabilities	3,458,552	1,948,266

38.3 Recommendation of surplus transfer

The valuation of the life insurance fund as at 31 March 2024 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. 3,217.00 Mn to non-participating life insurance fund / insurance contract liabilities to the shareholders' fund (2023 - Rs. 4,263.00 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 calculate 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 2024.

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.

Details of key assumptions used and basis of arriving for same are summarised in the following table:

Assumption	Basis of estimation
Risk free rate	<p>Top down approach has been used and discount rate assumptions are disclosed below.</p> <p>Insurance contract liabilities shall be measured in term of SLFRS 4 by applying current market interest rates where any changes to be recognised in income statement. In arriving at such rates, CA Sri Lanka has issued a guidance note allowing insurers to apply professional judgment in applying the current market interest rates by way of considering timing and liquidity nature of the insurance liability.</p> <p>Methodology</p> <p>Noting the potential difficulties in establishing an appropriate 'liquid risk free yield curve' from the observable Sri Lankan market data, a 'top-down approach' is adopted for the determining the appropriate discount rates. Under such approach, the yield curve is constructed to represent yields implicit in a fair value measurement of a reference portfolio of assets whilst attempting to eliminate any factors that are not relevant to the insurance contracts.</p>
Mortality rates	Based on 67/70 Mortality rates table was used.
Morbidity rates	Based on the loss ratios (loss ratio is calculated as the ratio of settled and pending claims to earned premiums)
Expenses	<p>Based on the expense investigation carried out as at 31 March 2024 on expenses incurred during 2023/24.</p> <p>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 center 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.</p>
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 2023, 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.

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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 2024.

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 (-)
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 332% and Total Available Capital (TAC) of Rs. 37,482 Mn as at 31 March 2024, 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 adequacy 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 2023. 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 December 2023.

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 2024.

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.

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 34.8.3 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 34.8.3 for details of assets supporting the restricted regulatory reserve as at 31 March 2024.

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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
Surplus Created due to Change in Valuation method from NPV to GPV - One off Surplus as at 31 March 2023	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 2024	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.

The IRCSL will permit distribution of one off surplus subject to yearly distribution caps on a case by case basis.

38.7.2 Composition of investments supporting the Restricted Regulatory Reserve as at 31 March 2024

	Face value Rs.	Market value as at 31 March 2024 Rs. '000
Government Securities		
Treasury Bonds LKB00628A153	100,000,000	120,890
LKB00628A153	110,000,000	132,979
LKB00628A153	100,000,000	120,890
LKB00628A153	100,000,000	120,890
LKB00931E153	100,000,000	130,273
LKB00931E153	100,000,000	130,273
LKB00931E153	120,000,000	156,327
LKB00931E153	100,000,000	130,273
LKB00931E153	100,000,000	130,273
LKB00931E153	100,000,000	130,273
Total market value of the assets		1,303,341

38.8 Direction 18 - Unclaimed benefits of Long Term Insurance Business

Unclaimed benefits of long term insurance business are recorded in the life insurance fund. 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

In terms of the Section 67 of Inland Revenue Act no. 24 of 2017, 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. Applicable tax rate is 30%.

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. 518.00 Mn (2023 - Rs. 436.00 Mn) to life insurance policyholders who participating in the profit of life insurance business. Accordingly, there is Rs. 161.52 Mn (2023 - Rs. 45.29 Mn) unit link seed capital & tax amount is arising from policyholder who shares the profits of a person engaged in the business of life insurance.

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	2024	2023
Effect on the change of the insurance contract liability:		
Increase by 10% in mortality rate	508,645	569,755
Decrease by 10% in mortality rate	(477,690)	(567,437)
Effect on the change of the insurance contract liability:		
Increase by 10% in morbidity rate	794,964	247,125
Decrease by 10% in morbidity rate	(215,690)	(180,811)
Effect on the change of the insurance contract liability:		
Increase by 50 basis point in risk free discount rate	(1,172,924)	(1,362,824)
Decrease by 50 basis point in risk free discount rate	1,276,020	1,498,763
Effect on the change of the insurance contract liability:		
Increase by 1% in expense ratio	770,006	859,751
Decrease by 1% in expense ratio	(760,813)	(852,135)

NOTES TO THE FINANCIAL STATEMENTS

39. INTEREST BEARING BORROWINGS

In Rs. '000 As at 31 March	Note	GROUP		COMPANY	
		2024	2023	2024	2023
Long term bank borrowings	40.1	57,572,212	49,000,859	17,747,287	10,906,408
Debentures	40.2	1,177,767	1,436,007	-	-
Subordinated debt	40.3	4,802,678	5,190,804	-	-
Securitisations	40.4	4,843,332	5,403,092	2,934,174	2,783,050
		68,395,989	61,030,762	20,681,461	13,689,458
Repayable within one year		25,388,578	18,129,698	10,314,172	8,856,901
Repayable after one year		43,007,411	42,901,064	10,367,289	4,832,557
		68,395,989	61,030,762	20,681,461	13,689,458

39.1 Long term bank borrowings

Movement in long term bank borrowings

In Rs. '000 As at 31 March	GROUP		COMPANY	
	2024	2023	2024	2023
At the beginning of the year	46,278,711	42,884,182	9,956,992	9,199,750
Acquisition of subsidiary	24,375	-	-	-
Additions	1,470,782	7,244,585	-	2,538,527
Repayments	(6,401,099)	(5,011,503)	(2,479,239)	(1,781,285)
Transfers from short term loans and accrued finance charges capitalised	13,476,943	-	8,709,959	-
Exchange translation difference	(1,316,486)	1,161,447	-	-
	53,533,226	46,278,711	16,187,712	9,956,992
Unamortised loan processing cost	(5,516)	(12,185)	(4,615)	(11,284)
Finance charges	4,044,502	2,734,333	1,564,190	960,700
At the end of the year	57,572,212	49,000,859	17,747,287	10,906,408

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	
	2024	2023
At the beginning of the year	1,400,000	1,400,000
Repayments	(250,060)	-
	1,149,940	1,400,000
Unamortised loan processing cost	(11,494)	(11,494)
Finance charges	39,321	47,501
At the end of the year	1,177,767	1,436,007

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 31-03-2024	Amortised cost as at 31-03-2023
GROUP							
Listed debentures							
Softlogic Capital PLC							
Listed, secured, Type "A" debentures	14.75%	Semi Annually	19-12-2019	19-12-2023	250,060		259,792
Listed, secured, Type "B" debentures	14.50%	Monthly	19-12-2019	19-12-2024	459,880	460,545	460,545
Listed, secured, Type "C" debentures	15.00%	Semi Annually	19-12-2019	19-12-2024	690,050	717,212	715,660
Listed, secured, Type "D" debentures	13.50%	Semi Annually	19-12-2019	19-12-2024	10	10	10
						1,177,767	1,436,007

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	GROUP	
As at 31 March	2024	2023
At the beginning of the year	4,907,170	4,408,050
Exchange translation difference	(400,594)	499,120
	4,506,576	4,907,170
Finance charges	296,102	283,634
At the end of the year	4,802,678	5,190,804

39.4 Securitisations

Movement in securitisations

In Rs. '000	GROUP		COMPANY	
As at 31 March	2024	2023	2024	2023
At the beginning of the year	4,448,734	4,763,431	2,343,616	3,416,967
Additions	2,643,703	3,847,825	1,802,203	1,867,100
Repayments	(2,817,935)	(4,162,522)	(1,532,001)	(2,940,451)
	4,274,502	4,448,734	2,613,818	2,343,616
Unamortised loan processing cost	(34,126)	(28,653)	(34,126)	(28,653)
Finance charges	602,956	983,011	354,482	468,087
At the end of the year	4,843,332	5,403,092	2,934,174	2,783,050

NOTES TO THE FINANCIAL STATEMENTS

Nature of the facility	Interest rate	Repayment term	Outstanding balance		Carrying value of collaterals	Security
			2024 Rs. '000	2023 Rs. '000		
Softlogic Holdings PLC						
HNB Securitization Fund - 5	Fixed rate	16 monthly installments commencing from March 2022	192,646	183,554	250.44	Mortgage over inter company receivables of Softlogic Holdings PLC
HNB Securitization Fund - 7	Fixed rate	9 monthly installments commencing from July 2022	122,557	115,205	159.32	Mortgage over inter company receivables of Softlogic Holdings PLC
HNB Securitization Fund - 8	Fixed rate	18 monthly installments commencing from July 2022	97,308	214,172	126.50	Mortgage over inter company receivables of Softlogic Holdings PLC
HNB Securitization Fund - 9	Fixed rate	19 monthly installments commencing from March 2023	271,729	1,200,073	353.25	Mortgage over inter company receivables of Softlogic Holdings PLC
HNB Securitization Fund - 10	Fixed rate	18 monthly installments commencing from March 2023	303,072	1,009,963	393.99	Mortgage over inter company receivables of Softlogic Holdings PLC
HNB Securitization Fund - 6			-	60,081		
NDB Trust - 1	Fixed rate	15 monthly installments commencing from February 2024	575,092	-	747.62	Mortgage over inter company receivables of Softlogic Holdings PLC
NDB Trust - 2	Fixed rate	21 monthly installments commencing from May 2024	854,510	-	1,110.86	Mortgage over inter company receivables of Softlogic Holdings PLC
NDB Trust - 3	Fixed rate	17 monthly installments commencing from July 2024	517,260	-	672.44	Mortgage over inter company receivables of Softlogic Holdings PLC
			2,934,174	2,783,048		
Softlogic Finance PLC						
NDB Trust - 1	Fixed rate	12 monthly installments commencing from January 2025	174,395	-	226.71	Mortgage over lease and vehicle loan receivables of Softlogic Finance PLC
NDB Trust - 2	Fixed rate	12 monthly installments commencing from February 2025	98,099	-	127.53	Mortgage over lease and vehicle loan receivables of Softlogic Finance PLC
HNB Securitization Fund - 8			-	23,359		
HNB Securitization Fund - 9			-	46,256		
HNB Securitization Fund - 10			-	59,230		
HNB Securitization Fund - 11			-	64,181		
			272,494	193,026		
Softlogic Capital PLC						
HNB Securitization Fund - 1	Fixed rate	12 monthly installments commencing from April 2024 (restructured repayment term)	567,902	1,235,782	1,714.24	Mortgage over inter company receivables of Softlogic Capital PLC
HNB Securitization Fund - 2	Fixed rate	12 monthly installments commencing from April 2024 (restructured repayment term)	398,689	843,191	1,220.36	Mortgage over inter company receivables of Softlogic Capital PLC
NDB Securitization Fund - 1	Fixed rate	On maturity of securitization papers in June 2024, April 2025 and July 2026 (restructured repayment term)	447,576	348,045	595.09	Mortgage over inter company receivables of Softlogic Capital PLC
NDB Securitization Fund - 2	Fixed rate	6 monthly installments commencing from April 2024	222,497	-	580.00	Mortgage over inter company receivables of Softlogic Capital PLC
			1,636,664	2,427,018		
			4,843,332	5,403,092		

39.5 Derivative financial instruments

In Rs. '000 As at 31 March	GROUP			
	2024		2023	
	Asset	Liability	Asset	Liability
Foreign currency cash flow hedges	3,100,577	-	4,447,603	-

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 the 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 the 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 2030

Hedged item - USD denominated sales expected to occur in each month of 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029 and upto 2030 July from April 2017

The cash flow hedge has a notional amount of USD 29.01 Mn and cash flows are expected to occur as 96 monthly installments of 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029 and 2030 in total of USD 29.01 Mn capital and interest repayments at 25 of each month till July 2030.

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.

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In Rs. '000	GROUP	
As at 31 March	2024	2023
Net change in fair value on derivative financial instruments	(1,344,225)	(256,113)

On the hedged instrument the following attributable to the hedged risk has been recognised in the Group income statement.

In Rs. '000	GROUP	
For the year ended	2024	2023
Under finance expenses		
Realised exchange loss on foreign currency borrowings	95,471	62,338
Unrealised exchange loss on foreign currency borrowings	(67,732)	742,392
	27,739	804,730

40. PUBLIC DEPOSITS

In Rs. '000	GROUP	
As at 31 March	2024	2023
Deposits maturing after one year	2,188,492	3,094,921
Deposits maturing within one year	5,292,880	9,335,694
	7,481,372	12,430,615

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	GROUP		COMPANY	
As at 31 March	2024	2023	2024	2023
At the beginning of the year	1,556,994	1,710,208	127,678	140,555
Acquisition of subsidiary	60,147	930	-	-
Current service cost	215,424	221,492	8,674	12,455
Interest cost on benefit obligation	318,079	218,036	30,893	19,725
(Gain) / loss arising from changes in assumptions	192,149	(387,312)	(2,555)	(42,934)
Transfers from/ (to) related companies	-	-	1,613	(90)
Payments	(274,238)	(206,360)	(17,892)	(2,033)
At the end of the year	2,068,555	1,556,994	148,411	127,678

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 follows:

As at 31 March	2024	2023
Discount rate (%)	12.00 - 13.50	17.00 - 24.00
Future salary increases (%)	8.00 - 10.00	6.00 - 15.00

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	2024	2023	2024	2023
Effect on the defined benefit obligation liability:				
Increase by one percentage point in discount rate	(61,271)	(42,289)	(5,360)	(2,128)
Decrease by one percentage point in discount rate	65,523	42,249	5,694	2,238
Effect on the defined benefit obligation liability:				
Increase by one percentage point in salary increment rate	76,204	51,854	6,309	2,828
Decrease by one percentage point in salary increment rate	(72,367)	(51,992)	(6,029)	(2,728)

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	2024	2023	2024	2023
- within the next 12 months	553,861	459,030	19,042	78,398
- between 1 and 2 years	632,212	483,571	27,986	24,222
- between 3 and 5 years	513,943	371,149	84,445	15,846
- between 6 and 10 years	301,952	187,607	14,579	7,040
- beyond 10 years	66,587	55,637	2,359	2,172
Total expected payments	2,068,555	1,556,994	148,411	127,678

41.3 Weighted average durations of service

The Group's and the Company's weighted average durations of service is 3.10 years (2023 - 3.34 years) and 4.00 years (2023 - 2.00 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		GROUP		COMPANY	
As at 31 March	Note	2024	2023	2024	2023
Within one year					
Deferred revenue		118,990	128,582	21,622	21,622
Warranty provision		79,623	54,047	-	-
Total within one year	46	198,613	182,629	21,622	21,622
After one year					
Deferred revenue		31,955	146	-	-
Total after one year		31,955	146	-	-
Total other deferred liabilities		230,568	182,775	21,622	21,622

43. OTHER NON-CURRENT FINANCIAL LIABILITIES

In Rs. '000 As at 31 March	GROUP	
	2024	2023
Advances received	403,480	431,295
Retention payable	344,282	341,488
Security deposits	5,123	5,123
	752,885	777,906

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		COMPANY	
	2024	2023	2024	2023
Trade and other payables	12,741,373	9,465,555	320,357	112,021
Trade and other payables - Related party	-	-	2,988,568	1,888,231
Contract liabilities	15,301	20,254	-	-
Unit trust fund liability	-	2,437	-	-
Dividend payable	80,413	88,227	-	-
Reinsurance payables	909,082	2,461,440	-	-
Sundry creditors including accrued expenses	10,369,660	8,373,140	-	-
	24,115,829	20,411,053	3,308,925	2,000,252

45. OTHER CURRENT FINANCIAL LIABILITIES

In Rs. '000 As at 31 March	GROUP		COMPANY	
	2024	2023	2024	2023
Loans	33,633,466	37,363,930	17,527,333	20,006,690
Commercial papers	12,748,082	15,964,719	7,404,434	6,142,039
	46,381,548	53,328,649	24,931,767	26,148,729

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		COMPANY	
		2024	2023	2024	2023
Advances received		431,434	257,342	-	-
Taxes payables		2,019,633	824,100	610,937	48,982
Other liabilities		2,166,269	949,535	343,006	124,666
Other deferred liabilities	43	198,613	182,629	21,622	21,622
Suspense account		-	125,053	-	-
		4,815,949	2,338,659	975,565	195,270

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 Directors at each of the subsidiary, joint venture 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 2023 audited financial statements, which required additional disclosures in the 2023/24 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 2023 audited financial Statements, which required additional disclosures in the 2023/24 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	Note	GROUP		COMPANY	
As at 31 March		2024	2023	2024	2023
Subsidiaries	47.3	-	-	13,148,847	16,539,914
Equity accounted investees	47.4	589	244	-	-
Key Management Personnel		100,054	109,689	-	-
		100,643	109,933	13,148,847	16,539,914

47.2 Amounts due to related parties

In Rs. '000	Note	GROUP		COMPANY	
As at 31 March		2024	2023	2024	2023
Subsidiaries	47.3	-	-	182,850	26,310
Equity accounted investees	47.4	26,927	26,927	26,927	26,927
Key Management Personnel		1,992	1,992	1,992	1,992
		28,919	28,919	211,769	55,229

47.3 Subsidiaries

In Rs. '000	COMPANY			
As at 31 March	Amount due to		Amount due from	
	2024	2023	2024	2023
Ceysand Resorts Ltd	-	-	-	-
Future Automobiles (Pvt) Ltd	-	3,009	45,307	62,302
Odel PLC	-	-	1,340	-
Softlogic Australia (Pty) Ltd	-	-	16,345	18,196
Softlogic Automobiles (Pvt) Ltd	12,295	-	-	504
Softlogic B P O Services (Pvt) Ltd	-	-	71,125	274,996
Softlogic Brands (Pvt) Ltd	-	-	241	241
Softlogic City Hotels (Pvt) Ltd	-	-	974,452	974,452
Softlogic Communication Services (Pvt) Ltd	8,094	1,495	-	-
Softlogic Communications (Pvt) Ltd	43,243	5,687	-	-
Softlogic Computers (Pvt) Ltd	27,947	-	-	-
Softlogic Corporate Services (Pvt) Ltd	6,141	1,253	-	-
Softlogic Destination Management (Pvt) Ltd	-	-	9,435	9,341
Softlogic Healthcare Holdings Ltd	-	-	26,867	26,867
Softlogic Information Technologies (Pvt) Ltd	36,666	4,211	-	-
Softlogic International (Pvt) Ltd	33,893	10,633	-	-
Softlogic Mobile Distribution (Pvt) Ltd	-	-	20,006	60,640
Softlogic Pharmaceuticals (Pvt) Ltd	-	-	77	-
Softlogic Properties (Pvt) Ltd	-	-	444,993	573,975
Softlogic Restaurants (Pvt) Ltd	1,081	-	-	7,218
Softlogic Retail (Pvt) Ltd	13,402	22	-	-
Softlogic Retail Holdings (Pvt) Ltd	-	-	389,580	1,100,000
Softlogic Rewards (Pvt) Ltd	-	-	15,145	13,087
Softlogic Solar (Pvt) Ltd	-	-	34,613	34,613
Softlogic Supermarkets (Pvt) Ltd	-	-	-	-
Suzuki Motors Lanka Ltd	88	-	-	-
	182,850	26,310	2,049,526	3,156,432
Less - Provision for impairment	-	-	(1,576,755)	(478,250)
	182,850	26,310	472,771	2,678,182

Subsidiaries

In Rs. '000	COMPANY			
	Loans received		Loans given	
As at 31 March	2024	2023	2024	2023
Asiri Hospital Holdings PLC	-	-	-	627,831
Ceysand Resorts Ltd	-	-	-	-
Cotton Collection (Pvt) Ltd	-	-	21,328	3,563
Future Automobiles (Pvt) Ltd	-	-	119,156	1,220,397
Odel PLC	-	-	24,174	2,917,144
Odel Properties One (Pvt) Ltd	-	-	2,176	-
Softlogic Automobiles (Pvt) Ltd	-	-	192,098	171,992
Softlogic Brands (Pvt) Ltd	-	-	926,092	761,424
Softlogic City Hotels (Pvt) Ltd	-	-	1,362,214	1,005,646
Softlogic Destination Management (Pvt) Ltd	-	-	60,880	54,564
Softlogic Properties (Pvt) Ltd	-	-	68,639	68,639
Softlogic Restaurants (Pvt) Ltd	-	-	83,959	79,087
Softlogic Retail (Pvt) Ltd	-	-	4,311,807	955,791
Softlogic Retail Holdings (Pvt) Ltd	-	-	7,539,399	7,055,083
Softlogic Supermarkets (Pvt) Ltd	-	-	621,515	110,175
	-	-	15,333,437	15,031,336
Less - Provision for impairment	-	-	(2,657,361)	(1,169,604)
	-	-	12,676,076	13,861,732
	182,850	26,310	13,148,847	16,539,914

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	2024	2023	2024	2023
Equity accounted investees				
Associates				
Jendo Innovations (Pvt) Ltd	3,081	2,736	3,081	2,736
Sabre Travel Network Lanka (Pvt) Ltd	589	244	-	-
	3,670	2,980	3,081	2,736
Less - Provision for impairment	(3,081)	(2,736)	(3,081)	(2,736)
	589	244	-	-

47.5 Amounts due to related parties

In Rs. '000	GROUP		COMPANY	
As at 31 March	2024	2023	2024	2023
Equity accounted investees				
Associates				
Jendo Innovations (Pvt) Ltd	26,927	26,927	26,927	26,927
	26,927	26,927	26,927	26,927

NOTES TO THE FINANCIAL STATEMENTS

47.6 Transactions with related parties

In Rs. '000	GROUP		COMPANY	
For the year ended 31 March	2024	2023	2024	2023
Subsidiaries				
(Purchases)/ sales of goods	-	-	(9,260)	(6,063)
(Receiving)/ rendering of services	-	-	812,350	576,385
(Purchases)/ sale of property plant & equipment	-	-	(7,123)	(18,819)
Loans given/ (obtained)	-	-	(225,667)	(7,426,501)
Interest received/ (paid)	-	-	(584,664)	(548,409)
Rent received/ (paid)	-	-	137,032	112,451
Dividend received	-	-	560	767
Guarantee charges received/ (paid)	-	-	268,844	275,639
Guarantees given/ (received) - as at 31 March	-	-	36,886,633	37,346,400
Equity Accounted Investees				
Associates				
(Purchases)/ sale of property plant & equipment	1,094	7,796	-	-
(Receiving)/ rendering of services	7,674	7,779	6,729	5,855
Dividend received	25,500	17,000	25,500	17,000
Interest received/ (paid)	345	471	345	471
Key Management Personnel				
Advances given/ (received)	47,479	107,697	(1,992)	(1,992)
Guarantees given/ (obtained)	(150,000)	(150,000)	-	-
Loans given/ (customer deposits received)	-	(9,470)	-	-
Interest received / (paid) on advances given/ (customer deposits received)	-	2,238	-	-
Gratuity advances given	98,518	98,518	-	-
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	2024	2023	2024	2023
Short term employee benefits	500,619	575,561	65,628	62,945
Post-employment benefits	89,232	45,902	7,510	7,912
	589,851	621,463	73,138	70,857

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 and other companies that are not categorised under the above sectors, 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	2024	2023	2024	2023	2024	2023	2024	2023
Continuing operations								
Revenue								
Total revenue	8,152,416	9,065,149	3,313,407	2,281,237	33,914,356	36,817,677	423,311	1,769,982
Inter group	(972,967)	(1,128,186)	(184,029)	(53,930)	(1,179,963)	(1,208,908)	(45,004)	(45,993)
Total external revenue	7,179,449	7,936,963	3,129,378	2,227,307	32,734,393	35,608,769	378,307	1,723,989
Results from operating activities	623,981	1,163,698	(940,098)	(649,209)	(3,991,897)	1,354,876	64,483	259,994
Finance income	242,313	186,406	15,921	15,304	1,579,855	1,912,189	224	1,819
Finance expenses	(405,731)	(1,002,155)	(1,765,714)	(2,640,796)	(10,612,409)	(14,902,421)	(184,451)	(503,767)
Change in insurance contract liabilities	-	-	-	-	-	-	-	-
Change in fair value of investment property	9,900	134,500	-	-	36,114	77,486	-	-
Share of profit/ (loss) of equity accounted investees	-	-	-	-	-	-	-	-
Profit/ (loss) before taxation	470,463	482,449	(2,689,891)	(3,274,701)	(12,988,337)	(11,557,870)	(119,744)	(241,954)
Taxation	(37,307)	41,573	201,637	(60,614)	(961,623)	485,277	(6,436)	2,944
Profit/ (loss) for the year	433,156	524,022	(2,488,254)	(3,335,315)	(13,949,960)	(11,072,593)	(126,180)	(239,010)
Depreciation of property, plant & equipment (PPE)	33,383	30,148	555,672	567,152	1,360,892	1,391,292	25,238	24,677
Amortisation of ROU assets	22,182	20,172	3,873	4,482	1,627,017	1,263,911	13,587	14,046
Amortisation/ impairment of intangible assets	75,231	76,106	1,140	2,208	41,550	43,677	-	-
Retirement benefit obligations and related cost	49,556	42,641	15,671	14,579	127,421	100,190	2,946	3,766
Purchase and construction of PPE	77,248	25,123	22,548	72,578	774,225	2,245,682	-	8,817
Additions to intangible assets	18,296	8,181	-	835	29,539	8,700	-	-

Financial Services		Healthcare Services		Others		Total		Eliminations/ Consolidation adjustments		Group	
2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
28,001,651	24,760,049	29,250,819	25,357,306	1,054,688	795,919	104,110,648	100,847,319	-	-	104,110,648	100,847,319
(162,810)	(150,386)	(679,332)	(571,034)	(1,047,372)	(789,512)	(4,271,477)	(3,947,949)	-	-	(4,271,477)	(3,947,949)
27,838,841	24,609,663	28,571,487	24,786,272	7,316	6,407	99,839,171	96,899,370	-	-	99,839,171	96,899,370
(1,580,375)	(4,813,713)	6,288,079	5,904,158	(373,820)	(2,431,547)	90,353	788,257	3,436,177	1,062,652	3,526,530	1,850,909
8,624,380	7,677,789	1,665,738	2,453,114	3,176,006	3,770,542	15,304,437	16,017,163	(7,020,658)	(7,992,725)	8,283,779	8,024,438
(3,162,093)	(2,730,931)	(3,603,946)	(5,160,826)	(8,062,002)	(9,792,988)	(27,796,346)	(36,733,884)	6,771,973	7,782,679	(21,024,373)	(28,951,205)
(3,458,552)	(1,948,266)	-	-	-	-	(3,458,552)	(1,948,266)	-	-	(3,458,552)	(1,948,266)
-	-	-	-	8,853	117,445	54,867	329,431	(18,753)	(251,945)	36,114	77,486
-	-	-	-	10,043	38,960	10,043	38,960	-	-	10,043	38,960
423,360	(1,815,121)	4,349,871	3,196,446	(5,240,920)	(8,297,588)	(15,795,198)	(21,508,339)	3,168,739	600,661	(12,626,459)	(20,907,678)
(389,457)	(1,668,817)	(1,253,371)	(1,507,370)	7,346	(79,632)	(2,439,211)	(2,786,639)	(134,518)	37,021	(2,573,729)	(2,749,618)
33,903	(3,483,938)	3,096,500	1,689,076	(5,233,574)	(8,377,220)	(18,234,409)	(24,294,978)	3,034,221	637,682	(15,200,188)	(23,657,296)
170,867	170,914	1,743,546	1,573,355	29,536	26,495	3,919,134	3,784,033	1,263	(18,983)	3,920,397	3,765,050
356,248	343,127	166,727	146,542	28,723	28,158	2,218,357	1,820,438	-	-	2,218,357	1,820,438
26,998	35,727	11	9	1,366	4,694	146,296	162,421	146,272	146,272	292,568	308,693
89,811	70,377	207,670	174,984	40,428	32,991	533,503	439,528	-	-	533,503	439,528
218,949	159,018	1,065,577	1,449,925	8,436	25,693	2,166,983	3,986,836	-	-	2,166,983	3,986,836
7,798	5,859	470	-	-	4,225	56,103	27,800	-	-	56,103	27,800

NOTES TO THE FINANCIAL STATEMENTS

48.2 Segment assets and liabilities

In Rs. '000	Information Technology		Leisure & Property		Retail		Automobiles	
As at 31 March	2024	2023	2024	2023	2024	2023	2024	2023
Property, plant and equipment	101,644	69,077	12,744,518	13,242,695	12,547,153	11,661,976	128,500	176,021
Right of use assets	79,935	52,604	47,447	51,320	5,232,440	5,692,000	42,032	55,619
Investment property	357,100	347,200	-	-	6,862,160	6,826,046	-	-
Intangible assets	239,116	299,188	1,044	2,182	298,020	310,031	-	-
Non-current financial assets	-	-	-	-	11,208	153,802	-	-
Rental receivable on lease assets and hire purchase	-	-	-	-	-	-	-	-
Other non-current assets	13,146	6,247	9,701,310	9,144,858	739,219	725,250	9,125	9,125
Segment non-current assets	790,941	774,316	22,494,319	22,441,055	25,690,200	25,369,105	179,657	240,765
Investments in equity accounted investees								
Goodwill								
Intangible assets through business combinations								
Deferred tax assets								
Total non-current assets	790,941	774,316	22,494,319	22,441,055	25,690,200	25,369,105	179,657	240,765
Inventories	461,194	588,213	644,424	560,477	5,354,357	5,696,787	140,111	117,670
Trade and other receivables	1,970,100	2,113,263	398,621	261,512	2,102,374	1,956,464	82,001	77,813
Loans and advances	-	-	-	-	-	-	-	-
Rental receivable on lease assets and hire purchase	-	-	-	-	-	-	-	-
Other current assets	218,161	161,770	1,712,303	1,208,556	1,582,374	1,816,654	15,523	3,354
Short term investments	78,624	215,850	387	387	37,813	372,316	1,500	1,500
Cash in hand and at bank	57,142	152,283	31,002	100,825	798,976	746,612	7,547	4,088
	2,785,221	3,231,379	2,786,737	2,131,757	9,875,894	10,588,833	246,682	204,425
Amounts due from related parties	1,465,775	898,692	53,151	7,133	8,190,765	6,457,982	12,996	-
Total current assets	4,250,996	4,130,071	2,839,888	2,138,890	18,066,659	17,046,815	259,678	204,425
Total assets								

Financial Services		Healthcare Services		Others		Total		Eliminations/ Consolidation adjustments		Group	
2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
762,308	1,044,530	33,904,334	33,205,836	61,445	84,075	60,249,902	59,484,210	622,087	600,877	60,871,989	60,085,087
655,423	653,070	1,037,900	1,080,698	190,995	215,968	7,286,172	7,801,279	(8,169)	(8,505)	7,278,003	7,792,774
103,237	103,237	-	-	1,053,200	1,057,150	8,375,697	8,333,633	(6,087,060)	(6,081,110)	2,288,637	2,252,523
105,058	124,258	459	-	-	1,366	643,697	737,025	-	-	643,697	737,025
35,292,986	34,181,166	4,176,934	4,940,066	1,550,284	1,562,784	41,031,412	40,837,818	(6,741,716)	(7,416,398)	34,289,696	33,421,420
3,590,305	7,094,383	-	-	-	-	3,590,305	7,094,383	-	-	3,590,305	7,094,383
1,000	1,000	65,461	61,506	-	-	10,529,261	9,947,986	5,847,614	5,809,046	16,376,875	15,757,032
40,510,317	43,201,644	39,185,088	39,288,106	2,855,924	2,921,343	131,706,446	134,236,334	(6,367,244)	(7,096,090)	125,339,202	127,140,244
						20,013	64,083	-	-	20,013	64,083
						4,763,210	4,763,210	-	-	4,763,210	4,763,210
						2,533,956	2,680,226	-	-	2,533,956	2,680,226
						3,386,539	2,737,200	-	-	3,386,539	2,737,200
40,510,317	43,201,644	39,185,088	39,288,106	2,855,924	2,921,343	142,410,164	144,481,053	(6,367,244)	(7,096,090)	136,042,920	137,384,963
845,946	866,153	1,254,685	1,202,072	-	281	8,700,717	9,031,653	(218,181)	(97,202)	8,482,536	8,934,451
4,982,922	3,962,528	1,107,152	814,824	885,479	755,840	11,528,649	9,942,244	(2,068,890)	(1,668,491)	9,459,759	8,273,753
3,731,962	7,757,968	-	-	-	-	3,731,962	7,757,968	(1,012)	(1,734)	3,730,950	7,756,234
408,235	726,455	-	-	-	-	408,235	726,455	-	-	408,235	726,455
1,120,777	1,083,587	744,067	488,474	212,991	87,176	5,606,196	4,849,571	726,727	726,427	6,332,923	5,575,998
13,524,013	11,842,074	488,889	395,385	92,973	119,566	14,224,199	12,947,078	(3,924,004)	(2,732,121)	10,300,195	10,214,957
1,897,348	1,534,035	1,538,274	1,157,268	9,980	1,565,058	4,340,269	5,260,169	-	-	4,340,269	5,260,169
26,511,203	27,772,800	5,133,067	4,058,023	1,201,423	2,527,921	48,540,227	50,515,138	(5,485,360)	(3,773,121)	43,054,867	46,742,017
27,285	7,731	7,481,222	6,223,648	15,506,258	16,535,106	32,737,452	30,130,292	(32,636,809)	(30,020,359)	100,643	109,933
26,538,488	27,780,531	12,614,289	10,281,671	16,707,681	19,063,027	81,277,679	80,645,430	(38,122,169)	(33,793,480)	43,155,510	46,851,950
						223,687,843	225,126,483	(44,489,413)	(40,889,570)	179,198,430	184,236,913

NOTES TO THE FINANCIAL STATEMENTS

In Rs. '000	Information Technology		Leisure & Property		Retail		Automobiles	
As at 31 March	2024	2023	2024	2023	2024	2023	2024	2023
Insurance contract liabilities	-	-	-	-	-	-	-	-
Interest bearing borrowings	-	2,500	16,837,721	18,747,094	5,773,617	6,251,890	-	-
Lease liability	36,007	40,506	57,366	59,334	4,509,956	4,594,234	41,052	57,700
Public deposits	-	-	-	-	-	-	-	-
Employee benefit liabilities	216,533	156,669	47,702	41,766	504,337	356,928	23,244	12,535
Other deferred liabilities	-	-	-	-	31,955	146	-	-
Other non-current financial liabilities	31,687	31,687	2,648,593	2,686,113	75,773	62,853	-	-
Segment non-current liabilities	284,227	231,362	19,591,382	21,534,307	10,895,638	11,266,051	64,296	70,235
Deferred tax liabilities								
Total non-current liabilities	284,227	231,362	19,591,382	21,534,307	10,895,638	11,266,051	64,296	70,235
Trade and other payables	1,125,122	977,974	3,872,770	3,036,038	13,863,997	10,346,833	113,198	106,100
Income tax liabilities	51,812	96,963	(414)	(414)	745,293	319,710	-	-
Other current financial liabilities	1,806,826	2,188,759	60,880	55,550	36,329,773	32,648,984	1,601,215	2,554,143
Current portion of interest bearing borrowings	2,500	30,000	3,884,803	1,374,604	5,850,948	2,123,707	-	-
Current portion of lease liability	37,593	16,351	1,968	1,713	1,394,193	1,389,826	22,515	19,163
Other current liabilities	418,228	270,494	584,115	147,950	1,675,270	877,258	80,544	85,342
Public deposits	-	-	-	-	-	-	-	-
Bank overdrafts	113,349	125,280	668,230	677,263	3,728,954	3,343,630	29,637	27,532
Segment current liabilities	3,555,430	3,705,821	9,072,352	5,292,704	63,588,428	51,049,948	1,847,109	2,792,280
Amounts due to related parties	122,478	332,450	1,800,106	1,724,620	2,644,764	5,462,524	338,827	353,349
Total current liabilities	3,677,908	4,038,271	10,872,458	7,017,324	66,233,192	56,512,472	2,185,936	3,145,629
Total liabilities								
Total segment assets	5,041,937	4,904,387	25,334,207	24,579,945	43,756,859	42,415,920	439,335	445,190
Total segment liabilities	3,962,135	4,269,633	30,463,840	28,551,631	77,128,830	67,778,523	2,250,232	3,215,864

Financial Services		Healthcare Services		Others		Total		Eliminations/ Consolidation adjustments		Group	
2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
27,759,130	24,462,094	-	-	-	-	27,759,130	24,462,094	-	-	27,759,130	24,462,094
6,382,840	8,644,708	3,573,400	4,422,317	10,439,833	4,832,555	43,007,411	42,901,064	-	-	43,007,411	42,901,064
468,811	380,393	337,942	279,812	169,541	184,976	5,620,675	5,596,955	(211)	(997)	5,620,464	5,595,958
2,188,492	3,094,921	-	-	-	-	2,188,492	3,094,921	-	-	2,188,492	3,094,921
339,407	276,146	785,017	582,589	152,315	130,361	2,068,555	1,556,994	-	-	2,068,555	1,556,994
-	-	-	-	-	-	31,955	146	-	-	31,955	146
-	-	-	751,989	-	-	2,756,053	3,532,642	(2,003,168)	(2,754,736)	752,885	777,906
37,138,680	36,858,262	4,696,359	6,036,707	10,761,689	5,147,892	83,432,271	81,144,816	(2,003,379)	(2,755,733)	81,428,892	78,389,083
						7,856,963	6,997,084	-	-	7,856,963	6,997,084
37,138,680	36,858,262	4,696,359	6,036,707	10,761,689	5,147,892	91,289,234	88,141,900	(2,003,379)	(2,755,733)	89,285,855	85,386,167
3,626,541	5,032,150	3,950,273	3,724,616	3,319,023	2,003,262	29,870,924	25,226,973	(5,755,095)	(4,815,920)	24,115,829	20,411,053
1,050,908	931,127	1,102,801	521,813	9,244	1,991	2,959,644	1,871,190	-	-	2,959,644	1,871,190
8,617,797	9,097,741	8,637,204	9,418,864	24,880,030	26,104,121	81,933,725	82,068,162	(35,552,177)	(28,739,513)	46,381,548	53,328,649
3,922,403	3,247,443	1,486,298	2,497,043	10,241,626	8,856,901	25,388,578	18,129,698	-	-	25,388,578	18,129,698
244,225	315,657	85,009	115,652	36,595	38,356	1,822,098	1,896,718	(784)	(667)	1,821,314	1,896,051
1,316,465	873,923	115,491	90,891	893,032	195,935	5,083,145	2,541,793	(267,196)	(203,134)	4,815,949	2,338,659
5,293,226	9,336,026	-	-	-	-	5,293,226	9,336,026	(346)	(332)	5,292,880	9,335,694
615,026	793,848	4,082,553	4,178,827	70,096	236,313	9,307,845	9,382,693	-	-	9,307,845	9,382,693
24,686,591	29,627,915	19,459,629	20,547,706	39,449,646	37,436,879	161,659,185	150,453,253	(41,575,598)	(33,759,566)	120,083,587	116,693,687
89,155	49,225	26,867	26,867	205,628	53,976	5,227,825	8,003,011	(5,198,906)	(7,974,092)	28,919	28,919
24,775,746	29,677,140	19,486,496	20,574,573	39,655,274	37,490,855	166,887,010	158,456,264	(46,774,504)	(41,733,658)	120,112,506	116,722,606
						258,176,244	246,598,164	(48,777,883)	(44,489,391)	209,398,361	202,108,773
67,048,805	70,982,175	51,799,377	49,569,777	19,563,605	21,984,370	223,687,843	225,126,483			179,198,430	184,236,913
61,914,426	66,535,402	24,182,855	26,611,280	50,416,963	42,638,747	258,176,244	246,598,164			209,398,361	202,108,773

NOTES TO THE FINANCIAL STATEMENTS

49 PRIOR YEAR ADJUSTMENT

The Financial Statements of Softlogic Holdings PLC (the Company) 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, The Company has voluntarily changed the accounting policy on accounting for Investment in subsidiaries, from cost to fair value under SLFRS 9 Financial Instruments (SLFRS 9), in compliance to LKAS 27 Separate Financial Statements with effect from 31 March 2024. Any gains (losses) in fair value will be recognised through Other Comprehensive Income. This accounting policy change was done to provide more reliable and relevant

information on the financial position and financial performance of the Company to the economic decision-making needs of users. As per LKAS 8 Accounting Policies, Change in Accounting Estimates and Errors, the change in accounting policy from cost to fair value under SLFRS 9 requires to be applied retrospectively by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied. Accordingly, Statement of Financial Position and Statement of Changes in Equity as at 31 March 2023 and 1 April 2022 has been presented with restated balances which is the opening balance of earliest prior period presented.

49.1 Impact to the statement of comprehensive for the year ended 31 March 2023

In. RS. '000	Published for FY23	Impact of policy change	Published for FY24
Loss for the year	(7,112,103)	-	(7,112,103)
Other comprehensive income not to be reclassified to income statement in subsequent periods			
Net profit/ (loss) on equity instruments at fair value through other comprehensive income	4,300	(2,588,287)	(2,583,987)
Tax on other comprehensive income not to be reclassified to income statement in subsequent periods	(12,880)	(4,342,507)	(4,355,387)
Net other comprehensive income/ (loss) not to be reclassified to income statement in subsequent periods	34,354	(6,930,794)	(6,896,440)
Other comprehensive income/ (loss) for the year, net of tax	34,354	(6,930,794)	(6,896,440)
Total comprehensive loss for the year, net of tax	(7,077,749)	(6,930,794)	(14,008,543)

49.2 Impact to the statement of financial position as at 01 April 2022 and 31 March 2023

In. RS. '000	As at 31-03-2023			As at 01-04-2022		
	Published for FY23	Impact of policy change	Published for FY24	Published for FY22	Impact of policy change	Published for FY24
Assets						
Non-current assets						
Investments in subsidiaries	28,234,289	48,750,505	76,984,794	28,201,517	51,338,793	79,540,310
	31,195,999	48,750,505	79,946,504	31,169,723	51,338,793	82,508,516
Total assets	50,220,432	48,750,505	98,970,937	51,081,181	51,338,793	102,419,974
Equity and Liabilities						
Equity attributable to equity holders of the parent						
Retained earnings	(4,810,333)	221,576	(4,588,757)	2,271,716	221,576	2,493,292
Other components of equity	(20,400)	41,445,335	41,424,935	(24,700)	48,376,129	48,351,429
Total equity	7,288,502	41,666,911	48,955,413	14,366,251	48,597,705	62,963,956
Non-current liabilities						
Deferred tax liabilities	255,777	7,083,594	7,339,371	178,071	2,741,088	2,919,159
	5,400,987	7,083,594	12,484,581	6,113,361	2,741,088	8,854,449
Total liabilities	42,931,930	7,083,594	50,015,524	36,714,930	2,741,088	39,456,018
Total equity and liabilities	50,220,432	48,750,505	98,970,937	51,081,181	51,338,793	102,419,974

50. 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.

50.1 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 of Sri Lanka (BOI) in terms of the agreement entered between Asiri Surgical Hospital PLC and the Board of Investment of Sri Lanka (BOI) in year 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 2025.

50.2 Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC and Central Hospital Ltd

Pending litigations against Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC and Central Hospital Ltd with a maximum liability of Rs. 27.20 Mn, Rs. 66.00 Mn and Rs. 133.1.00 Mn respectively exist as at 31 March 2024 (2023 - Asiri Hospital Holdings PLC : Rs. 67.20 Mn, Asiri Surgical Hospital PLC : Rs. 13.20 Mn and Central Hospital Ltd - Rs. 134.30 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.

50.3 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.

50.4 Softlogic Finance PLC

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

50.5 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 Commissioner General of Inland Revenue (CGIR) and case is stated for the opinion of the Honorable 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 Honorable 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, 31 December 2018 and 31 December 2019 amounting to Rs. 68.70 Mn, Rs. 28.00 Mn, Rs. 102.4 Mn, 72.60 Mn and Rs. 147.70 respectively.

The Company has appealed to the Tax Appeals Commission on the assessment determined in favor 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. Further, the Company has requested a Administrative Review for the assessment issued for the taxable period ended 31 December 2019.

Nation Building Tax on Financial Services

The Company has received tax assessments on Nation Building Tax for the taxable period ended 31 December 2018 amounting to 9.70 Mn.

The Company has filed an appeal for the assessment received for the taxable period ended 31 December 2018 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 the Company is awaiting for the decision of the Court of Appeal.

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 the Company is awaiting for the decision of the Court of Appeal.

The Commissioner General of Inland Revenue has issued its 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 including the penalty. The Company has appealed to the Tax Appeals Commission and awaits the final decision.

The Company has received tax assessments for Life Insurance taxation for the year of assessment 2017/18, 2019/20 and 2020/21 amounting to Rs. 533.40 Mn, Rs. 1,114.00 Mn and Rs. 931.23 Mn (including the penalty) respectively. The Company has lodged a valid appeal against the assessment issued for the year of assessment 2017/18 and awaits the CGIR determination. Further the Company is in the process of submitting a Petition of Appeal with Tax Appeal Commission and filing an appeal to the CGIR against the assessment issued for the year of assessment 2019/20 and 2020/21 respectively.

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 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.

51. CAPITAL AND OTHER COMMITMENTS

51.1 Capital commitments

In Rs. '000 As at 31 March	GROUP	
	2024	2023
Capital commitments approved but not provided for	3,006,872	3,539,192
Capital commitments approved but not contracted	14,401,000	14,401,000

51.2 Guarantees issued and in-force, and commitments for unutilised facilities

In Rs. '000 As at 31 March	GROUP		COMPANY	
	2024	2023	2024	2023
Guarantees issued and in-force	230,919	256,974	41,019,496	40,738,962
Commitment for unutilised facilities	93,005	388,741		-

52. 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.

52.1 Softlogic Holdings PLC

Rights issue

202,714,770 shares were listed on the Colombo Stock Exchange on 24 September 2024 subsequent to the Rights Issue of Shares which was announced on 7 March 2024. The Company raised a sum of Rs. 2,027,147,700.00 through the Rights Issue.

Issue of warrants

The Company announced on 11 September 2024, the issue of 121,628,862 warrants to shareholders who subscribed for 202,714,770 shares in the Rights Issue base on 3 warrants for every 5 Rights Shares subscribed.

52.2 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.

52.3 Softlogic Finance PLC

Caps imposed by CBSL

As per the latest letter received from Central Bank of Sri Lanka ("CBSL") dated 05 July 2024, the caps imposed on Total Deposits (with accrued interest payable) and Total Lending Portfolio (net of impairment) have been downsized to Rs. 4.70 Bn and Rs. 5.00 Bn respectively by 31 July 2024. Further, CBSL instructed the Company to discontinue borrowings through Commercial Papers (CPs). However, the Company is permitted to grant cash back loans,

pawning advances, gold loans and other related claims secured by gold.

Transfer for Beneficial ownership of part of the Company's loan portfolio for cash

As per the latest letter received from Central Bank of Sri Lanka ("CBSL") dated 05 July 2024, the caps imposed on Total Deposits (with accrued interest payable) and Total Lending Portfolio (net of impairment) have been downsized to Rs. 4.70 Bn and Rs. 5.00 Bn respectively by 31 July 2024. Further, CBSL instructed the Company to discontinue borrowings through Commercial Papers (CPs). However, the Company is permitted to grant cash back loans, pawning advances, gold loans and other related claims secured by gold..

As part of its restructuring initiatives, the company has submitted an alternative capital restoration plan dated 30 May 2024 to the Central Bank of Sri Lanka, where it focusses on enhance the quality of the Company's Statement of Financial Position and full compliance of regulatory capital requirements, including core capital requirement, through a divesting of a segment of the loan portfolio of the company. The Central Bank has informed the company that the Governing Board of Central Bank has evaluated and favourably considered the proposed alternative capital restoration plan.

In line with capital restoration plan agreed with CBSL, the company entered into Participation Agreements with S R One (Pvt) Ltd, a subsidiary of Softlogic Capital PLC for the transfer of beneficial ownership of a part of the Company's loan portfolio for cash. The agreements were signed on 31 July 2024 and 06 September 2024 for the first and second segments respectively. The transfer of beneficial ownership of part of the Company's loan portfolio were completed on the same day as the agreements with cash considerations of Rs. 100,093,222.95 and Rs. 1,000,172,933.75 respectively.

These transactions were reported to the Colombo Stock Exchange (CSE) on 01 August 2024 and 06 September 2024.

NOTES TO THE FINANCIAL STATEMENTS

52.4 Softlogic Life Insurance PLC

Purchase of own shares by the Company

On 11 June 2024, the Board resolved to offer to purchase 58,593,750 shares out of the total number of shares in issue of 375,000,000 in the proportion of 5 shares out of every 32 shares held by the shareholders as at the record date at a price of Rs. 102.40 per share.

As approved by the Colombo Stock Exchange the Shareholders of the Company, 58,593,750 shares were repurchased by the Company. The effective date of the repurchase of shares was 20 September 2024.

52.5 Payment of an interim dividend

It was resolved by the Board of Directors on 25 November 2024 to pay an interim dividend of Rs. 4.50 per share for the financial year 2024 to be paid to the shareholders on 24 December 2024.

52.6 Odel PLC

Rights issue

On 4 January 2024, it was resolved to issue 272,129,431 shares by way of a Rights Issue in the proportion of 1 new ordinary share for every one ordinary share held by a shareholder at a price of Rs. 12.15 per share. 266,240,503 shares were listed on 30 August 2024.

52.7 Asiri Hospital Holdings PLC

Payment of an interim dividend

An interim dividend of Rs. 1.50 per share for the financial year 2024/25 was paid to the shareholders on 15 October 2024 as resolved by the Board of Directors on 13 September 2024.

52.8 Asiri Surgical Hospital PLC

Payment of an interim dividend

An interim dividend of Rs. 0.30 per share for the financial year 2024/25 was paid to the shareholders on 15 October 2024 as resolved by the Board of Directors on 13 September 2024.

52.9 Re-negotiating the debt repayment plans with the lending institutions and restructuring the debts

The Group negotiations with the lending institutions to obtain capital and interest moratoriums and interest rebates/ waive-offs for the purpose of minimising the cash outflows on its financing activities has resulted the following approved debt restructuring. Moreover, negotiations are in progress with other lending institutions to obtain further concessions to the Group entities.

Company	Lending institution	Nature of facility	Interest Rate	Repayment Term	Restructured facility amount Rs. '000
Softlogic Holdings PLC	Sampath Bank PLC	Term loan	Fixed rate for first 12 months and thereafter AWPLR plus margin	13 bi-annual installments commencing after 18 months capital grace period from March 2024	865,896
		Term loan	Fixed rate for first 12 months and thereafter AWPLR plus margin	13 bi-annual installments commencing after 18 months capital grace period from March 2024	1,000,000
		Term loan	Concessionary fixed rate	13 bi-annual installments commencing after 18 months capital grace period from March 2024	125,339
		Term loan	Concessionary fixed rate	13 bi-annual installments commencing after 18 months capital grace period from March 2024	164,853
		Term loan	Interest free	Repayable by way of a bullet payment after 96 months from March 2024 if above loans amounting to Rs. 865.00 mn and Rs. 125.34 mn loans are not duly settled	130,588
		Term loan	Interest free	Repayable by way of a bullet payment after 96 months from March 2024 if loans amounting to Rs. 1,000.00 mn and Rs. 164.85 mn loans are not duly settled	180,814
	Seylan Bank PLC	Term loan	AWPLR plus margin	60 monthly installments commencing after 12 months capital grace period from March 2024	2,213,343
		Term loan	AWPLR plus margin	60 monthly installments commencing after 12 months capital grace period from March 2024	1,998,901

Company	Lending institution	Nature of facility	Interest Rate	Repayment Term	Restructured facility amount Rs. '000
	DFCC Bank	Term loan	AWPLR plus margin	60 monthly installments commencing after 12 months capital grace period from March 2024	201,657
		Term loan	AWPLR plus margin	60 monthly installments commencing after 12 months capital grace period from March 2024	1,278,100
		Term loan	AWPLR	14 bi-annual installments commencing after 12 months capital grace period from April 2024	1,343,680
		Term loan	Interest free	14 bi-annual installments commencing after 12 months capital grace period from April 2024	240,000
		Term loan	Interest free	Repayable by way of a bullet payment after 14 bi-annual installments commencing after 12 months capital grace period from April 2024 if above loans amounting to Rs. 1,343.68 mn and Rs. 240.00 mn loans are not duly settled	240,000
		Term loan	AWPLR plus margin	20 quarterly installments commencing from July 2024	2,501,861
		Term loan	Interest free	Bullet payment from the divestment of group assets or any other cashflow	769,710
		Term Loan	AWPLR plus margin	72 monthly installments commencing after 6 months capital grace period from August 2024	1,861,169
		Term Loan	AWPLR plus margin	12 bi-monthly installments commencing after 6 months capital grace period from June 2024	902,000
		Term Loan	Interest free rate for 1st year and thereafter AWPLR plus margin	2 bi-annual installments followed by 11 equal monthly installments commencing from September 2024	229,193
	National Development Bank PLC	Term Loan	AWPLR plus margin	24 quarterly installments commencing from January 2025	1,000,000
		Term Loan	AWPLR plus margin	72 monthly installments commencing from January 2025	122,258
		Term Loan	Interest free	The loan is differed until the maturity of the Loan amounting Rs. 1,000 Mn & Loan Rs. 122 Mn, which will be waived off by the Bank in the event all obligations of the borrower have been met.	122,258
Softlogic Mobile Distribution (Pvt) Ltd	Sampath Bank PLC	Term loan	Fixed rate for first 12 months and thereafter AWPLR	54 monthly installments commencing after 6 month capital grace period from February 2024	1,186,000
	Commercial Bank of Ceylon PLC	Term Loan	AWPLR plus margin	30 monthly installments commencing from May 2024	100,000
Future Automobiles (Pvt) Ltd	Sampath Bank PLC	Term loan	Fixed rate for first 12 months and thereafter AWPLR	Bullet payment within a period of 12 months from the divestment of group assets or any other cashflow	965,000

NOTES TO THE FINANCIAL STATEMENTS

Company	Lending institution	Nature of facility	Interest Rate	Repayment Term	Restructured facility amount Rs. '000
Softlogic Supermarkets (Pvt) Ltd		Term loan	Concessionary fixed rate	Bullet payment within a period of 12 months from the divestment of group assets or any other cashflow	139,000
		Term loan	Concessionary fixed rate	Bullet payment within a period of 12 months from the divestment of group assets or any other cashflow	175,000
	Commercial Bank of Ceylon PLC	Term Loan	AWPLR plus margin	18 equally monthly installments commencing from June 2024	36,000
	Bank of Ceylon	Term loan	AWPLR plus margin	75 monthly installments commencing after 6 months repayment holiday from February 2023	208,333
		Term loan	AWPLR plus margin	75 monthly installments commencing after 5 months repayment holiday from February 2023	273,788
		Term loan	AWPLR plus margin	12 monthly installments commencing from June 2023	53,022
	National Development Bank PLC	Term loan	AWPLR plus margin	72 monthly installments commencing after 12 months grace period from February 2024	1,098,216
		Term loan	AWPLR plus margin	60 monthly installments commencing after 12 months grace period from February 2024	750,400
		Term loan	AWPLR plus margin	72 monthly installments commencing after 12 months grace period from February 2024	280,000
		Term loan	AWPLR plus margin	33 monthly installments commencing after 3 months grace period from February 2024	106,438
		Term loan	AWPLR plus margin	33 monthly installments commencing May 2024	110,000
Odel PLC	Bank of Ceylon	Term loan	AWPLR plus margin	12 monthly installments commencing from August 2023	27,930
		Term loan	AWPLR plus margin	66 monthly installments commencing after 12 months capital grace period and 6 month repayment holiday from February 2023	227,501
		Term loan	Fixed rate	26 monthly installments commencing after 9 month capital grace period and 6 months repayment holiday from February 2023	82,169
		Term Loan	AWPLR plus margin	36 monthly installments commencing from May 2024	318,170
	Union Bank of Colombo PLC	Term loan	AWPLR plus margin	47 monthly installments commencing from October 2023	842,662
		Term loan	AWPLR plus margin	6 equal monthly installments commencing from October 2023	47,100
		Term loan	AWPLR plus margin	12 monthly installments commencing after 6 months grace period from September 2023	47,100
		Term Loan	Fixed rate	84 monthly installments commencing from May 2024	1,114,262
	Hatton National Bank PLC	Term Loan	AWPLR	72 monthly installments commencing after 12 months capital grace period from September 2024	1,470,000

Company	Lending institution	Nature of facility	Interest Rate	Repayment Term	Restructured facility amount Rs. '000
	National Development Bank PLC	Term Loan	Fixed rate	24 monthly installments commencing from May 2024	26,745
		Term Loan	Fixed rate	24 monthly installments commencing from May 2024	4,738
		Term Loan	Interest free	Differed until settlement of Term Loan amounting to Rs.26.74Mn and may be waived off at the direction of the Bank in the event all obligations of above Term loan have been met.	26,745
		Term Loan	Interest free	Differed until settlement of Term Loan amounting to Rs.4.73Mn and may be waived off at the direction of the Bank in the event all obligations of above Term loan have been met.	4,738
Softlogic Brands (Pvt) Ltd	Bank of Ceylon	Term loan	AWPLR plus margin	81 monthly installments commencing after 7 months capital grace period from December 2023	179,030
Odel Properties One (Pvt) Ltd	Hatton National Bank PLC	Syndicated loan	AWPLR plus margin	84 monthly installments commencing from December 2025	5,400,000
	Sampath Bank PLC				
	Bank of Ceylon				
Softlogic Information Technologies (Pvt) Ltd	Commercial Bank of Ceylon PLC	Term Loan	AWPLR plus margin	24 monthly installments commencing from June 2024	150,000
Softlogic Retail (Pvt) Ltd	Pan Asia Banking Corporation PLC	Term loan	AWPLR plus margin	84 monthly installments commencing after 12 month capital grace period from February 2024	1,337,000
		Term loan	Interest free	Repayable by way of a bullet payment after 96 monthly installments commencing after 12 months capital grace period from February 2024 if above loan amounting to Rs. 1,337.00 mn loan is not duly settled	144,000
	Sampath Bank PLC	Working capital loans	AWPLR plus margin	Bullet payment after July 2024	1,678,288
	National Development Bank PLC	Term Loan	AWPLR	36 monthly installments commencing from January 2025	83,000
		Term Loan	Interest free	Differed until settlement of above term Loan amounting to Rs.83Mn and may be waived off at the direction of the Bank in the event all obligations of the borrower have been met.	83,000
		Term Loan	AWPLR plus margin	72 monthly installments commencing from January 2025	1,389,500
		Term Loan	AWPLR	36 monthly installments commencing from January 2025	313,776

NOTES TO THE FINANCIAL STATEMENTS

Company	Lending institution	Nature of facility	Interest Rate	Repayment Term	Restructured facility amount Rs. '000
		Term Loan	Interest free	Differed until settlement of above term Loan amounting to Rs.1,389.50Mn and Rs.313.77Mn may be waived off at the direction of the Bank in the event all obligations of the borrower have been met.	270,102
	Commercial Bank of Ceylon PLC	Term Loan	AWPLR plus margin	50 monthly installments commencing from November 2023	1,000,000
	Union Bank of Colombo PLC	Term Loan	Fixed rate	84 monthly installments commencing from May 2024	855,525
Softlogic Restaurants (Pvt) Ltd	Commercial Bank of Ceylon PLC	Term Loan	AWPLR plus margin	23 monthly installments commencing from August 2024	46,479
		Term Loan	AWPLR plus margin	50 equal monthly installments commencing from August 2024	100,000
		Term Loan	AWPLR plus margin	24 monthly installments commencing from August 2024	40,000
		Term Loan	AWPLR plus margin	60 equal monthly installments commencing from August 2024	150,000
		Term Loan	AWPLR plus margin	60 equal monthly installments commencing from August 2024	165,000
	Bank of Ceylon	Term Loan	AWPLR plus margin	90 monthly installments commencing after 5 month capital grace period from June 2023	236,000
		Term Loan	AWPLR plus margin	47 monthly installments commencing after 5 month capital grace period from June 2023	110,586
Suzuki Motors Lanka Ltd	Commercial Bank of Ceylon PLC	Term Loan	AWPLR plus margin	36 monthly installments commencing from June 2024	62,000
	Union Bank of Colombo PLC	Term Loan	Fixed rate	84 monthly installments commencing after 12 month capital grace period from May 2024	40,200
SML Holdings (Pvt) Ltd	Union Bank of Colombo PLC	Term Loan	Fixed rate	84 monthly installments commencing after 12 month capital grace period from May 2024	12,570
Softlogic Capital PLC	DFCC Bank	Term loan	AWPLR plus margin	6 annual installments commencing from March 2024	1,284,000
	National Development Bank PLC	Term Loan	AWPLR plus margin	5 annual installments commencing from March 2025	199,461
		Term Loan	AWPLR plus margin	6 annual installments commencing from March 2025	800,000
Asiri Hospital Galle (Pvt) Ltd	Seylan Bank PLC	Term Loan	AWPLR plus margin	31 monthly installments commencing from June 2024	113,750

The facility was restructured as follows: Rs. 17,749 Mn before 31 March 2024 and Rs. 25,706 Mn after 31 March 2024.

53. SECURITY AND REPAYMENTS TERMS OF INTEREST BEARING BORROWINGS**53.1 Security and repayment terms**

Company	Lending institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance		Carrying value of collaterals	Security
					2024 Rs. '000	2023 Rs. '000		
Softlogic Holdings PLC	Seylan Bank PLC	Term loan	AWPLR plus margin	60 monthly installments commencing after a grace period of 12 months commencing from March 2024	2,213,343	-	3,528.36	a) Primary concurrent mortgage for Rs. 70.00 Mn over land and building at No. 14, De Fonseka Place Colombo - 05
		Term loan	AWPLR plus margin	60 monthly installments commencing after a grace period of 12 months commencing from March 2024	1,998,901	-		b) Secondary concurrent mortgage for Rs. 30.00 Mn over land and building at No. 14, De Fonseka Place Colombo - 05
		Term loan	AWPLR plus margin	60 monthly installments commencing after a grace period of 12 months commencing from March 2024	201,657	-		c) Additional mortgage for Rs. 380.00 Mn over land and building at No. 14, De Fonseka Place Colombo - 05
		Term loan	AWPLR plus margin	60 monthly installments commencing after a grace period of 12 months commencing from March 2024	1,278,100	-		d) 105,440,000 shares of Asiri Hospital Holdings PLC, 119,850,336 shares of Softlogic Capital PLC and 63,200 shares of Lanka IOC PLC owned by Softlogic Holdings PLC
		Term loan			-	2,027,140		
Commercial Bank of Ceylon PLC		Term loan			-	2,991		
		Term loan			-	6,964		
		Term loan			-	175,268		
		Term loan			-	191,515		
		Term loan	AWPLR plus margin	Bullet payment by April 2023	110,680	102,509	942.50	a) Primary mortgage for Rs. 750.00 Mn over 100,000,000 shares of Softlogic Capital PLC owned by Softlogic Holdings PLC
		Term loan	AWPLR plus margin	14 monthly installments commencing from May 2023	97,749	83,340		b) 7,700,000 shares of Asiri Hospital Holdings PLC owned by Softlogic Holdings PLC
		Term loan	AWPLR plus margin	16 equal monthly installments commencing from May 2023	641,581	553,492	983.00	a) Primary mortgage for Rs. 500.00 Mn over 25,000,000 shares of Odell 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	14 monthly installments commencing from May 2023	87,889	74,800		

NOTES TO THE FINANCIAL STATEMENTS

Company	Lending institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance		Carrying value of collaterals	Security
					2024 Rs. '000	2023 Rs. '000		
	Hatton National Bank PLC	Term loan	AWPLR	7 quarterly installments commencing after 6 month moratorium from March 2023	735,075	748,438	1,750.00	Primary mortgage for Rs.1,750.00 Mn over 111,794,301 shares of Asiri Hospital Holdings PLC owned by Softlogic Holdings PLC
	Nations Trust Bank PLC	Term loan	AWPLR plus margin	5 equal quarterly installments commencing from December 2023	268,385	277,194	1,000.00	Mortgage over 37,398,004 shares of Asiri Hospital Holdings PLC and 7,522,861 shares of Softlogic Capital PLC owned by Softlogic Holdings PLC for Rs.1,000.00 Mn
	Sampath Bank PLC	Term loan	Fixed rate for first 12 months and thereafter AWPLR	13 bi-annual installments commencing after 18 months capital grace period from March 2024	865,896	-	1,860.96	a) 14,655,978 shares of Softlogic Capital PLC owned by Softlogic Holdings PLC
		Term loan	Fixed rate for first 12 months and thereafter AWPLR	13 bi-annual installments commencing after 18 months capital grace period from March 2024	1,000,000	-	-	b) 26,646,000 shares of Softlogic Life Insurance PLC owned by Softlogic Capital PLC
		Term loan	Fixed rate	13 bi-annual installments commencing after 18 months capital grace period from March 2024	125,339	-	-	
		Term loan	Fixed rate	13 bi-annual installments commencing after 18 months capital grace period from March 2024	164,853	-	-	
		Term loan	Interest free	Repayable by way of a bullet payment after 96 months from March 2024 if above loans amounting to Rs. 865.90 Mn and Rs. 125.34 Mn loans are not duly settled	130,588	-	-	
		Term loan	Interest free	Repayable by way of a bullet payment after 96 months from March 2024 if loans amounting to Rs. 1,000.00 Mn and Rs. 164.85 Mn loans are not duly settled	180,814	-	-	
		Term loan			-	279,651		
		Term loan			-	17,396		

Company	Lending institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance			Carrying value of collaterals	Security
					2024 Rs. '000	2023 Rs. '000	Rs. Mn.		
People's Bank	Term loan	AWPLR plus margin	17 equal monthly installments commencing from January 2024		488,652	413,543	8,731.30	a) 28,467,691 shares of Asri Hospital Holdings PLC, 198,286,577 shares of Softlogic Capital PLC, 175,550 shares of Softlogic Life Insurance PLC and 2,373,680 shares of Softlogic Finance PLC owned by Softlogic Holdings PLC	
	Term loan	AWPLR plus margin	6 monthly installments commencing from January 2024		472,315	404,590		b) 49,702,271 shares of Odel PLC owned by Softlogic Retail Holdings (Pvt) Ltd	
	Term loan	AWPLR plus margin	54 monthly installments commencing from February 2023		2,235,297	1,908,935		c) Corporate guarantees from Softlogic Retail (Pvt) Ltd for Rs. 6,000.00 Mn	
Bank of Ceylon	Term loan	AWPLR plus margin	31 monthly installments commencing after 7 months grace period from June 2023		525,403	557,901	1,203.72	92,594,000 shares of Odel PLC owned by Softlogic Retail Holdings (Pvt) Ltd	
	Term loan	AWPLR plus margin	30 monthly installments commencing after 7 months grace period from June 2023		253,101	268,916			
	Term loan	Fixed rate	24 monthly installments commencing after 7 months grace period from June 2023		127,544	121,671			
	Term loan	Fixed rate	25 monthly installments commencing after 7 months grace period from June 2023		268,646	249,714			
	Term loan	AWPLR plus margin	36 monthly installments commencing from January 2024		123,691	-			
	Term loan	AWPLR plus margin	29 monthly installments commencing after 5 months grace period from August 2023		115,234	-			
DFCC Bank PLC	Term loan	Fixed rate for first 12 months and thereafter AWPLR plus margin	37 equal monthly installments commencing after 12 months grace period from January 2023		420,578	390,833	571.03	43,925,000 shares of Odel PLC owned by Softlogic Retail Holdings (Pvt) Ltd	
	Term loan	Fixed rate for first 12 months and thereafter AWPLR plus margin	11 equal monthly installments commencing after 12 months grace period from January 2023		19,009	-			
	Term loan	Fixed rate for first 12 months and thereafter AWPLR plus margin	23 equal monthly installments commencing after 12 months grace period from January 2023		32,349	-			

NOTES TO THE FINANCIAL STATEMENTS

Company	Lending institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance		Carrying value of collaterals	Security
					2024 Rs. '000	2023 Rs. '000		
		Term loan	Fixed rate for first 12 months and thereafter AWPLR plus margin	23 equal monthly installments commencing after 12 months grace period from January 2023	258	-		
		Term loan	Fixed rate for first 12 months and thereafter AWPLR plus margin	56 equal monthly installments commencing after 12 months grace period from January 2023	1,007,559	940,529	1,750.00	70,000,000 shares of Asiri Hospital Holdings PLC owned by Softlogic Holdings PLC
		Term loan	Fixed rate for first 12 months and thereafter AWPLR plus margin	11 equal monthly installments commencing after 12 months grace period from January 2023	37,065	-		
		Term loan	Fixed rate for first 12 months and thereafter AWPLR plus margin	23 equal monthly installments commencing after 12 months grace period from January 2023	67,466	-		
		Term loan	Fixed rate for first 12 months and thereafter AWPLR plus margin	23 equal monthly installments commencing after 12 months grace period from January 2023	204	-		
		Term loan	Fixed rate for first 12 months and thereafter AWPLR plus margin	23 equal monthly installments commencing after 12 months grace period from January 2023	154,824	-		
	National Development Bank PLC	Term loan	AWPLR plus margin	16 equal quarterly installments commencing from January 2024	1,297,242	1,109,079	1,648.60	65,944,100 shares of Asiri Hospital Holdings PLC owned by Softlogic Holdings PLC
					17,747,287	10,906,409		

53. SECURITY AND REPAYMENTS TERMS OF INTEREST BEARING BORROWINGS

53.2 Security and repayment terms

Company	Lending institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance		Carrying value of collaterals	Security
					2024 Rs. '000	2023 Rs. '000	Rs. Mn.	
Softlogic Retail Holdings (Pvt) Ltd	Hatton National Bank PLC	Term loan	AWPL	38 monthly installments commencing after a grace period of 10 months commencing from December 2022	149,000	132,998	175.00	Corporate guarantee from Softlogic Holdings PLC for Rs. 175.00 Mn
		Term loan			-	4		
Softlogic Retail (Pvt) Ltd	Commercial Bank of Ceylon PLC	Term loan	AWPLR plus margin	60 equal monthly installments commencing from February 2020	618,000	642,000	618.00	a) Mortgage bond for Rs. 1,000.00 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) 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 d) 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
		Term loan			-	13,284		
National Development Bank PLC	National Development Bank PLC	Term loan	Fixed Rate	30 equal monthly installments commencing from October 2022	1,389,346	1,389,346	2,488.55	a) Corporate guarantee from Softlogic Retail Holdings (Pvt) Ltd for Rs. 500.00 Mn b) Primary Concurrent Mortgage over stocks and book debts with National Development Bank PLC being Rs. 500 Mn c) Rs. 1,488.55 Mn worth shares of Asiri Hospital Holdings PLC owned by Softlogic Holdings PLC a) Corporate guarantee from Softlogic Holdings PLC for Rs. 750.00 Mn b) Concurrent Mortgage Bonds over stocks and assignment of book debts
		Term loan			-	-	1,400.00	
Union Bank of Colombo PLC	Union Bank of Colombo PLC	Term loan	AWPLR plus margin	54 monthly installments commencing after a grace period of 6 months from September 2023	650,000			
		Term loan						

NOTES TO THE FINANCIAL STATEMENTS

Company	Lending institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance		Carrying value of collaterals	Security
					2024	2023		
					Rs. '000	Rs. '000		
Softlogic Restaurants (Pvt) Ltd	Pan Asia Banking Corporation	Term loan	AWPLR plus margin	84 monthly installments commencing after a grace period of 12 months from January 2024	1,337,000	-	4,125.67	a) Corporate Guarantee from Softlogic Holdings PLC for Rs.1,000.00 mn, Corporate Guarantee from Softlogic Information Technologies (Pvt) Ltd for Rs.1,500.00 mn and Corporate Guarantee from Suzuki Motors Lanka Ltd for Rs. 1,500.00 mn b) 5,026,667 shares of Asiri Hospital Holdings PLC owned by Softlogic Holdings PLC
		Term loan	Fixed Rate	Repayable by way of a bullet payment after 96 months from January 2024	144,000	-	-	
	DFCC Bank PLC	Term loan			-	23,417		
	Commercial Bank of Ceylon PLC	Term loan	AWPLR plus margin	60 monthly installments commencing after a grace period of 6 months from December 2020	54,562	78,812	162.19	Primary mortgage bond over credit and debit card sales receivables of all outlets of the Softlogic Restaurants (Pvt) Ltd
		Term loan	AWPLR plus margin	60 monthly installments commencing from October 2023	107,626	-		
	Bank of Ceylon	Term loan	AWPLR plus margin	90 monthly installments commencing after a grace period of 5 months from January 2023	170,867	236,000	500.00	Corporate guarantee from Softlogic Holdings PLC for Rs. 500.00 Mn
		Term loan	Fixed rate	47 monthly installments commencing after a grace period of 5 months from January 2023	66,292	110,586		
	National Development Bank PLC	Term loan	AWPLR plus margin	60 monthly installments commencing after a grace period of 12 months from September 2022	170,760	218,191	520.76	a) Mortgage bond over cash flow collection of Burger King, Baskin Robins, Crystal Jade and Delifrance outlet located at One Galle Face Mall and Burger King outlet in Rajagiriya 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 and credit card collection of proposed 1 Burger King outlets and 4 Popeyes outlet
	Union Bank of Colombo PLC	Term loan			-	39,881		

Company	Lending institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance		Carrying value of collaterals	Security
					2024 Rs. '000	2023 Rs. '000		
	Hatton National Bank PLC	Term loan			-	22,520		
Softlogic Supermarkets (Pvt) Ltd	Bank of Ceylon	Term loan	AWPLR plus margin	81 equal monthly installments commencing after a grace period of 6 months commencing from January 2023	197,029	217,264	500.00	Corporate guarantee from Softlogic Holdings PLC for Rs. 500.00 Mh
		Term loan	AWPLR plus margin	80 equal monthly installments commencing after a grace period of 5 months commencing from February 2023	248,789	286,180		
		Term loan	AWPLR plus margin	12 equal monthly installments commencing after a grace period of 6 months commencing from June 2023	44,185	-		
		Term loan	AWPLR plus margin	60 equally monthly installments commencing after a grace period of 12 months from February 2024	750,400	-	1,750.40	a) Credit Card Receivables of Glomark Supermarket situated at Malabe and Buthgamuwa outlets b) Mortgage over the cash flows collected from the Glomark Supermarket situated at Malabe and Buthgamuwa outlets c) Corporate guarantee from Softlogic Retail Holdings (Pvt) Ltd for Rs. 1,000.00 Mh
	National Development Bank PLC	Term loan	AWPLR plus margin	72 equally monthly installments commencing after a grace period of 12 months from February 2024	1,098,216	-	2,223.22	a) Credit Card Receivables of Glomark Supermarket situated at Thalawathugoda and Kandana outlets b) Mortgage over the cash flows collected from the Glomark Supermarket Situated at Thalawathugoda and Kandana outlets c) Corporate guarantee from Softlogic Retail Holdings (Pvt) Ltd for Rs. 1,125.00 Mh
		Term loan	AWPLR plus margin	72 equally monthly installments commencing after a grace period of 12 months from February 2024	280,000	-	1,665.70	a) Mortgage over movable assets of Glomark Supermarket situated at Mount Lavinia, Malabe, Negombo, Thalawathugoda, Kandana, Kandy, Hendala, Delkanda, Kottawa, Nawala, Kurunagala, Asiri Central and Asiri Kandy
		Term loan	AWPLR plus margin					

NOTES TO THE FINANCIAL STATEMENTS

Company	Lending institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance		Carrying value of collaterals	Security
					2024 Rs. '000	2023 Rs. '000		
		Term loan	AWPLR plus margin	33 equally monthly installments commencing after a grace period of 3 months from February 2024	111,462	-	-	b) Mortgage over the cash flows collected from the Glomark Supermarket situated at Mount Lavinia, Malabe, Negombo, Thalawathugoda, Kandana, Kandy, Hendala, Orion City, CR & FC and Grandpass
		Term loan			-	997,463		
		Term loan			-	1,197,177		
Footwear Retailer Ltd	Hatton National Bank PLC	Term loan	AWPLR plus margin	72 equally monthly installments commencing after a grace period of 6 months from October 2018	18,958	-	65.00	Secondary mortgage for Rs. 65.00 Mn over land at No. 100, General Sir John Kothalawala Road, Ratmalana
Suzuki Motors Lanka Ltd	DFCC Bank PLC	Term loan	AWPLR plus margin	15 equal monthly installments commencing from January 2024	53,480	47,137	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 City Hotels (Pvt) Ltd	Commercial Bank of Ceylon PLC	Term Loan	LIBOR plus margin	96 monthly installments commencing from August 2022	9,908,476	10,138,020	19,770.04	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
		Term loan	LIBOR plus margin	61 monthly installments commencing from August 2022	488,140	516,388		
		Term loan	Interest free	80 monthly installments commencing from August 2022	872,206	1,010,320		b) Corporate guarantee from Softlogic Holdings PLC for USD 36.40 Mn
	Bank of Ceylon	Term loan			-	20,067		
		Term loan			-	23,892		
Ceylands Resorts Ltd	Nations Trust Bank PLC	Term loan	3 months SOFR plus margin	10 equal bi annual installments commencing from April 2020	2,088,378	2,352,014	6,049.87	a) Mortgage for USD 9.20 Mn over leasehold rights of hotel lands and building
		Term loan	3 months SOFR plus margin	10 equal bi annual installments commencing from September 2020	23,195	51,084		b) Corporate guarantee from Softlogic Holdings PLC for USD 9.20 Mn c) Assignment of AMEX receivables
		Term loan			-	6,250		
Softlogic B P O Services (Pvt) Ltd	Sampath Bank PLC	Term loan	AWPLR plus margin	48 monthly installments commencing from November 2019	2,500	32,500	120.00	Corporate guarantee from Softlogic Holdings PLC for Rs. 120.00 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	1,015,225	876,017	3,966.00	60,000,000 shares of Softlogic Life Insurance PLC owned by Softlogic Capital PLC

Company	Lending institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance			Carrying value of collaterals	Security
					2024 Rs. '000	2023 Rs. '000	Rs. Mn.		
Softlogic Stockbrokers (Pvt) Ltd	DFCC Bank PLC	Term loan	AWPLR plus margin	Full repayment after a grace period of 36 months commencing on October 2023	316,385	272,771			
		Term loan	AWPLR plus margin	24 equal monthly installments commencing after a grace period of 24 months commencing from August 2023	1,084,128	1,177,901	4,627.00	70,000,000 shares of Softlogic Life Insurance PLC owned by Softlogic Capital PLC	
	Seishin Limited	Term loan			-	318,609			
Asiri Hospital Holdings PLC	Commercial Bank of Ceylon PLC	Term loan	AWPLR plus margin	90 monthly installments commencing after a grace period of 40 months commencing from December 2015	252,276	343,354	2,750.60	Primary mortgage bond for Rs. 2750.60 Mn over leasehold right of Asiri Kandy Hospital Property situated at No. 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 commencing after a grace period of 24 months commencing from September 2016	927,680	1,245,467			
		Term loan	AWPLR plus margin	60 monthly installments commencing from June 2022	35,527	47,029	53.90	Primary Mortgage bond for Rs. 53.9 Mn over Medical Equipment	
		Term loan	AWPLR plus margin	60 monthly installments commencing from June 2022	41,283	55,997	64.20	Primary Mortgage bond for Rs. 64.2 Mn over Medical Equipment	
		Term loan	AWPLR plus margin	60 monthly installments commencing from January 2023	26,330	33,606	33.90	Primary Mortgage bond for Rs. 33.9 Mn over Medical Equipment	
		Term loan	AWPLR plus margin	48 monthly installments commencing from June 2023	24,083	-	30.40	Primary Mortgage bond for Rs. 30.4 Mn over Medical Equipment	
		Term loan	AWPLR plus margin	18 monthly installments commencing from October 2023	11,152	-	16.70	Primary Mortgage bond for Rs. 16.7 Mn over Medical Equipment	
		Term loan	AWPLR plus margin	24 monthly installments commencing from November 2023	31,296	-	39.00	Primary Mortgage bond for Rs. 39.00 Mn over Medical Equipment	
		Term loan			-	179,845			
		Term loan			-	40,121			

NOTES TO THE FINANCIAL STATEMENTS

Company	Lending institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance		Carrying value of collaterals	Security
					2024 Rs. '000	2023 Rs. '000		
	Sampath Bank PLC	Term loan	AWPLR plus margin	120 monthly installments commencing from December 2015	127,028	194,763	127.03	Securitisation of all future credit/ debit card receivables of Asiri Hospital Holdings PLC
		Term loan	AWPLR plus margin	108 monthly installments commencing after a grace period of 12 months commencing from March 2019	253,140	304,281	1,522.92	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
	National Development Bank PLC	Term loan	AWPLR plus margin	06 equal quarterly installments commencing from January 2023	24,579	191,745	225.00	Corporate guarantee from Asiri Surgical Hospital PLC for Rs. 225.00 Mn
	Commercial Bank of Ceylon PLC	Term loan	AWPLR plus margin	60 equal monthly installments commencing from March 2023	275,755	344,243	275.76	Mortgage Bond over Credit/ Debit card receivables of the card operations of Asiri Surgical Hospital PLC
Asiri Surgical Hospital PLC	DFCC Bank PLC	Term loan			-	21,250		
		Term loan	AWPLR plus margin	72 monthly installments commencing after a grace period of 12 months commencing from March 2020	683,110	907,328	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 a grace period of 6 months commencing from December 2020	361,807	533,493	459.65	Securitisation of all future credit/ debit card receivables of Asiri Surgical Hospital PLC
		Term loan	AWPLR plus margin	60 monthly installments commencing after a grace period of 6 months commencing from February 2021	97,843	140,970		
Asiri A O I Cancer Centre (Pvt) Ltd	Hatton National Bank PLC	Term loan	AWPLR plus margin	48 equal monthly installments commencing after a grace period of 12 months commencing from August 2018	17,500	77,500	300.00	Corporate Guarantee from Asiri Surgical Hospital PLC for Rs. 300.00 Mn
Central Hospitals Ltd	Sampath Bank PLC	Term Loan	AWPLR plus margin	120 monthly installments commencing from December 2015	218,800	334,429	218.80	Securitisation of all future credit/ debit card receivables of Central Hospitals Ltd

Company	Lending institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance		Carrying value of collaterals	Security
					2024 Rs. '000	2023 Rs. '000		
Asiri Hospital Matara (Pvt) Ltd	Commercial Bank of Ceylon PLC	Term Loan	AWPLR	60 monthly installments commencing after a grace period of 3 months commencing from July 2021	447,250	677,523	447.25	Securitisation of all future credit/ debit card receivables of Central Hospitals Ltd
		Term Loan			-	6,776		
		Term loan	AWPLR plus margin	18 monthly installments commencing from April 2023	132,274	-	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
		Term loan	AWPLR plus margin	23 monthly installments commencing after a grace period of 3 months of commencing from April 2023	128,648	-	300.00	Corporate guarantee for Rs. 300.00 Mn from Asiri Surgical Hospital PLC
		Term loan			-	431,323		
		Term loan			-	266,488		
Asiri Hospital Galle (Pvt) Ltd	Sampath Bank PLC	Term Loan	AWPLR plus margin	66 monthly installments commencing after a grace period of 6 months commencing December 2023	503,316	-	8,640.00	Primary mortgage over land and building at No114, Norris Canal Rd, Colombo 10
		Term loan			-	15,715		
		Term Loan	AWPLR plus margin	108 monthly installments commencing after a grace period of 12 months commencing from March 2020	142,044	173,891	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 a grace period of 24 months commencing from October 2021	196,688	229,731	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	Seylan Bank PLC	Term Loan	AWPLR plus margin	48 monthly installments commencing after a grace period of 12 months commencing from December 2019	100,287	122,497	150.00	Corporate guarantee from Asiri Hospital Holdings PLC for Rs. 150.00 Mn

NOTES TO THE FINANCIAL STATEMENTS

Company	Lending institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance		Carrying value of collaterals	Security
					2024 Rs. '000	2023 Rs. '000		
Odel PLC	Bank of Ceylon	Term loan	AWPLR plus margin	66 monthly installments commencing after a grace period of 23 months from August 2023	223,568	-	450.00	First and additional legal mortgage over the premises at No. 475/32, Kotte Road, Rajagiriya owned by Odel Properties (Pvt) Ltd
				26 monthly installments commencing after a grace period of 9 months from July 2023	77,834	-	-	
					-	227,501	-	
	Hatton National Bank PLC	Term loan	AWPLR plus margin	35 monthly installments commencing after a grace period of 6 months from October 2023	801,596	-	801.60	Primary mortgage over credit card receivables
					-	-	-	
					-	801,596	-	
	Union Bank of Colombo PLC	Term loan	AWPLR plus margin	47 monthly installments commencing from October 2023	787,912	-	1,000.00	Primary mortgage for Rs. 1,000.00 mn over premises at Kaduwela Road, Thalangama owned by Odel Lanka (Pvt) Ltd
				12 monthly installments commencing after a grace period of 6 months from September 2023	165,000	-	-	
					-	842,614	-	
					-	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	80,682	180,306	430.68	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	57,630	128,790	307.63	a) Primary Mortgage of merchant fee receivables b) Corporate guarantee from Softlogic Holdings PLC for Rs. 250.00 Mn
					-	-	-	
	DFCC Bank PLC	Term loan	Fixed rate	60 equal monthly installments commencing after a grace period of 12 months from January 2024	313,840	-	803.86	32,154,341 shares of Asiri Hospital Holdings PLC owned by Softlogic Holdings PLC
					-	313,840	-	

Company	Lending institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance		Carrying value of collaterals	Security
					2024 Rs. '000	2023 Rs. '000		
Softlogic Brands (Pvt) Ltd	Bank of Ceylon	Term loan	AWPLR plus margin	81 monthly installments commencing after a grace period of 7 months from December 2023	199,383	-	438.00	Primary mortgage over the premises at No. 29 A, Jayatilake Mw, Panadura Plan No: 966 owned by Odel PLC
Odel Properties One (Pvt) Ltd	Hatton National Bank PLC Sampath Bank PLC Bank of Ceylon	Term loan Syndicated loan	AWPLR plus margin	84 monthly installments commencing after a grace period of 54 months from December 2025	7,342,129	6,003,655	19,685.81	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
Softlogic Mobile Distribution (Pvt) Ltd	Sampath Bank PLC	Term Loan	AWPLR	60 monthly installments commencing after a grace period of 6 months from February 2024	1,257,050	-	2,400.00	a) Concurrent mortgage over stocks in trade located in Piliyandala and book debts of Softlogic Mobile Distribution (Pvt) Ltd b) Corporate guarantee from Softlogic Holdings PLC for Rs. 1,200.00 Mn
					57,572,212	49,000,859		

INVESTOR INFORMATION

GENERAL

Stated Capital as at 31 March 2024 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 13.09% as at 31 March 2024.
- The number of public shareholders as at 31 March 2024 was 10,103.
- Float adjusted market capitalisation as at 31 March 2024 was Rs. 1,404,935,154.52
- Minimum public holding percentage - The Company is in compliance with option 1 of the Listing Rules 7.13.1 (i) (b) which requires 7.5% minimum public holding percentage and 200 minimum public shareholders.

DISTRIBUTION OF SHAREHOLDING

There were 10,103 registered shareholders as at 31st March 2024

No of Shares held	No of Shareholders	% of Shareholders	Total Holding	% of Total Holding
1 - 1,000	6,585	65.18	3,637,949	0.3
1,001 - 10,000	2,883	28.54	9,937,492	0.82
10,001 - 100,000	525	5.2	16,247,210	1.37
100,001 - 1,000,000	79	0.78	21,185,321	1.81
Over 1,000,000	31	0.31	1,141,535,237	95.7
	10,103	100	1,192,543,209	100

Analysis Report of Shareholders as at 31st March 2023

Category	No of Shareholders	% of Shareholders	Total Holdings	% of Total Holding
Individual	9,838	97.38	448,701,259	37.63
Institutions	265	2.62	743,841,950	62.37
Total	10,103	100.00	1,192,543,209	100.00
Resident	10,049	99.47	816,422,365	68.46
Non- Resident	54	0.53	376,120,844	31.54
Total	10,103	100.00	1,192,543,209	100.00

TWENTY MAJOR SHAREHOLDERS

The 20 major Shareholders as at 31st March 2024

	Name	Shares	%
01	Mr. Asoka Kariyawasam Pathirage	493,125,865	41.35
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	46,581,345	3.91
08	Standard Chartered Bank DIFC Branch S/A Samena Special Situations Fund II L.P.	15,000,000	1.26
09	Employees' Provident Fund	7,230,500	0.61
10	Mr. Samir Jimmy Fancy	7,225,323	0.61
11	Mr. Nihal Samarasuriya	5,714,289	0.48
12	Mrs. Arunthathi Selliah	4,700,000	0.39
13	Mrs. Abiramipillai Kailasapillai	4,200,000	0.35
14	Dr. Karunamuni Manjula Prasanna Karunaratne	3,950,000	0.33
15	Miss. Sivamalar Subramaniam	3,800,000	0.32
16	Arunodhaya Industries (Private) Limited	3,557,864	0.30
17	Arunodhaya (Private) Limited	3,000,000	0.25
18	Mr. Kailasapillai Aravinthan	2,867,550	0.24
19	Dr. Sivakumar Selliah	2,053,232	0.17
20	Mr. Georges Rajaa Geha	2,015,372	0.17

SHARE TRADING INFORMATION

	2023/2024	2022/2023
Highest (Rs)	12.00	39.80
Lowest (Rs)	8.00	14.50
Closing (Rs)	9.00	15.90
Turnover (Rs)	42,974,805.20	747,329,007.20
Number of Shares traded	4,595,265	28,360,457
Number of Trades (Rs)	1,491	14,310

EQUITY INFORMATION

	2023/2024	2022/2023
Loss per share (Rs)	15.60	20.19
Net Liabilities per share (Rs)	40.48	26.90

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 Academy of Health Sciences (Pvt) Ltd	07/09/2023	No. 181, Kirula Road, Colombo 05
2	Asiri AOI Cancer Centre (Private) Limited	17/03/2017	No. 21, Kirimandala Mawatha, Colombo 05
3	Asiri Central Hospitals Ltd	07/09/1992	No. 114, Norris Canal Road, Colombo 10
4	Asiri Diagnostic Services (Asia) Pte. Limited	05/10/2019	8 Temasek Boulevard, No. 35 -03, Suntec Tower three, Singapore (038988)
5	Asiri Diagnostics Services (Pvt) Ltd	19/09/1995	No. 181, Kirula Road, Colombo 05
6	Asiri Hospital Galle (Private) Limited	29/05/2007	No. 181, Kirula Road, Colombo 05
7	Asiri Hospital Holdings PLC	29/09/1980	No. 181, Kirula Road, Colombo 05
8	Asiri Hospital Matara (Pvt) Ltd	17/04/2007	No. 26, Esplanade Road, Uyanwatta, Matara
9	Asiri Laboratories (Pvt) Ltd	08/03/2016	No. 181, Kirula Road, Colombo 05
10	Asiri Port City Hospital (Pvt) Ltd	04/05/2022	No 14, De Fonseka Place, 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	Footwear Retailer (Pvt) Ltd	18/04/2023	No. 100, General Sir John Kotalawala Road, Ratmalana
18	Future Automobiles (Pvt) Ltd	06/12/2010	No. 14, De Fonseka Place, Colombo 05
19	Jendo Innovations (Pvt) Ltd	22/06/2015	No. 14, De Fonseka Place, Colombo 05
20	Nextage (Pvt) Ltd	11/04/2012	No. 79, C W W Kannangara Mawatha, Colombo 07
21	ODEL Apparel Holdings (Pvt) Ltd	27/06/2022	475/32, Kotte Road, Rajagiriya
22	ODEL Apparel Lanka (Pvt) Ltd	01/07/2022	475/32, Kotte Road, Rajagiriya
23	ODEL Apparels (Pvt) Ltd	10/10/1991	No. 475/32, Kotte Road, Rajagiriya
24	ODEL Information Technology Services (Pvt) Ltd	30/11/2007	No. 475/32, Kotte Road, Rajagiriya
25	ODEL Lanka (Pvt) Ltd	04/07/2006	No. 475/32, Kotte Road, Rajagiriya
26	ODEL PLC	31/10/1990	No. 475/32, Kotte Road, Rajagiriya
27	ODEL Properties (Pvt) Ltd	10/10/1991	No. 475/32, Kotte Road, Rajagiriya
28	ODEL Properties One (Pvt) Ltd	10/06/2016	No. 475/32, Kotte Road, Rajagiriya
29	ODEL Restaurants (Private) Limited	19/02/2018	No. 475/32, Kotte Road, Rajagiriya
30	S R One (Pvt) Ltd	28/03/2024	Level 16, One Galle Face Tower, Colombo 02
31	Sabre Travel Network Lanka (Pvt) Ltd	21/01/1999	No. 14, De Fonseka Place, Colombo 05
32	Silk Route Foods (Private) Limited	10/10/2014	No. 14, De Fonseka Place, Colombo 05
33	SML Holdings (Private) Limited	27/04/2000	No. 371, New Nuge Road, Peliyagoda
34	Softlogic Asset Management (Pvt) Ltd	24/05/2006	Level 16, One Galle Face Tower, Colombo 02

	Name of the Company	Date of Registration	Registered office
35	Softlogic Australia (Pty) Ltd	05/01/2000	Unit 2, Building B, 18-24 Ricketts Road, Mount Waverley, Vic 3149
36	Softlogic Automobiles (Pvt) Ltd	02/04/2012	No. 14, De Fonseka Place, Colombo 05
37	Softlogic BPO Services (Private) Limited	13/12/2013	No. 14, De Fonseka Place, Colombo 05
38	Softlogic Brands (Pvt) Ltd	08/11/1993	No. 14, De Fonseka Place, Colombo 05
39	Softlogic Capital PLC	21/04/2005	Level 16, One Galle Face Tower, Colombo 02
40	Softlogic City Hotels (Pvt) Ltd	30/06/2011	No. 14, De Fonseka Place, Colombo 05
41	Softlogic Communication Services (Pvt) Ltd	16/09/2009	No. 14, De Fonseka Place, Colombo 05
42	Softlogic Communications (Pvt) Ltd	30/10/2000	No. 14, De Fonseka Place, Colombo 05
43	Softlogic Computers (Pvt) Ltd	13/09/1995	No. 14, De Fonseka Place, Colombo 05
44	Softlogic Corporate Services (Pvt) Ltd	24/06/2005	No. 14, De Fonseka Place, Colombo 05
45	Softlogic Destination Management (Pvt) Ltd	22/03/2012	No. 14, De Fonseka Place, Colombo 05
46	Softlogic Finance PLC	24/08/1999	No. 13, De Fonseka Place, Colombo 04
47	Softlogic Healthcare Holdings Ltd	28/08/2018	No. 181, Kirula Road, Colombo 05
48	Softlogic Healthy Concepts (Pvt) Ltd	13/08/2022	No 14, De Fonseka Place, Colombo 05
49	Softlogic Holdings PLC	25/2/1998	No. 14, De Fonseka Place, Colombo 05
50	Softlogic Information Technologies (Pvt) Ltd	02/09/1992	No. 14, De Fonseka Place, Colombo 05
51	Softlogic International (Pvt) Ltd	09/01/1997	No. 14, De Fonseka Place, Colombo 05
52	Softlogic IT Holdings (Pvt) Ltd	02/05/2023	No 14, De Fonseka Place, Colombo 05
53	Softlogic JSM Entertainment (Pvt) Ltd	13/08/2021	No 14, De Fonseka Place, Colombo 05
54	Softlogic Life Insurance PLC	21/04/1999	Level 16, One Galle Face Tower, Colombo 02
55	Softlogic Manufacturing (Pvt) Ltd	06/05/2022	No 14, De Fonseka Place, Colombo 05
56	Softlogic Mobile Distribution (Private) Limited	30/09/2014	No. 14, De Fonseka Place, Colombo 05
57	Softlogic Pharmaceuticals (Private) Limited	30/11/2005	No. 14, De Fonseka Place, Colombo 05
58	Softlogic Properties (Pvt) Ltd	04/01/2005	No. 14, De Fonseka Place, Colombo 05
59	Softlogic Restaurants (Private) Limited	05/08/2013	No. 14, De Fonseka Place, Colombo 05
60	Softlogic Retail (Private) Limited	06/09/1969	No. 14, De Fonseka Place, Colombo 05
61	Softlogic Retail Holdings (Private) Limited	09/03/2018	No. 14, De Fonseka Place, Colombo 05
62	Softlogic Retail One (Private) Limited	04/07/2014	No. 14, De Fonseka Place, Colombo 05
63	Softlogic Rewards (Private) Limited	05/11/2018	No. 14, De Fonseka Place, Colombo 05
64	Softlogic Solar (Pvt) Ltd	14/11/2002	No. 14, De Fonseka Place, Colombo 05
65	Softlogic Stockbrokers (Pvt) Ltd	26/11/2010	Level 16, One Galle Face Tower, Colombo 02
66	Softlogic Supermarkets (Pvt) Ltd	27/08/2014	No. 14, De Fonseka Place, Colombo 05
67	SCAP One (Pvt) Ltd	02/05/2023	No 14, De Fonseka Place, Colombo 05
68	Suzuki Motors Lanka Limited	12/09/1985	No. 371, New Nuge Road, Peliyagoda

NOTES

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held on Thursday the 09th January 2025 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. ORDINARY BUSINESS

- 1.1 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 2024 together with the Report of the Auditors thereon.
- 1.2 To re-elect Mr. H.K. Kaimal who retires by rotation in terms of Article 87 of the Articles of Association, as a Director of the Company.
- 1.3 To re-elect Mr. J.D.N. Kekulawala who retires by rotation in terms of Article 87 of the Articles of Association, as a Director of the Company.
- 1.4 To re-elect Mr. G.W.D.H.U. Gunawardena who retires by rotation in terms of Article 87 of the Articles of Association, as a Director of the Company.
- 1.5 To re-elect Mr. T. Nadarasa in terms of Article 94 of the Articles of Association, as a Director of the Company.
- 1.6 To re-appoint Messrs. Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.
- 1.7 To authorise the Directors to determine and make donations for the year ending 31st March 2025 and up to the date of the next Annual General Meeting.
- 1.8 To discuss matters giving rise to an emphasis of matter on going concern contained in the Audited Financial Statements for year 2021/2022, 2022/2023 and 2023/2024 and the remedial actions intended to be adopted by the Company to ensure compliance with Rule 7.5 (d) (ii) of the Listing Rules of the CSE, the impact of such emphasis of matter on going concern not resolved for a period of 15 months from the date of transferring its securities to the Watch List.

2. SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as a Special Resolution:

"IT IS HEREBY RESOLVED THAT to

- 2.1 Amend the Articles of Association of the Company by the deletion of the existing Article 80 in its entirety and substitution of the following Article:

Directors

80. The Board of Directors of the Listed Entity shall, at a minimum, consist of five (05) Directors not more than twelve (12) in number. Provided that, so long as the shares of the Company are listed on the Colombo Stock Exchange, the Company shall comply with the Listing Rules of Colombo Stock Exchange in such matters.

- 2.2 Amend the Articles of Association of the Company by the deletion of the existing Articles 120 and 123 in its entirety and substitution of the following Article:

Alternate Directors

120. Any Director may, at any time by notice left at the office appoint in writing sent either by facsimile transmission or by email to the Directors, any person approved by the Directors to be an alternate director of the Company to act in his/her place in exceptional circumstances and for a maximum period of one (01) year from the date of appointment and at any time remove the alternate director so appointed and the following provision of this Article shall apply to any person so appointed.

NOTICE OF MEETING

123. Subject to Article 120 an Alternate Director may be appointed for a specified period or until the happening of a specified event but he shall ipso facto cease to be an Alternate Director in any of the following events, that is to say: -

- (i) upon the resumption of his duties as a Director of his appointor;
- (ii) if his appointor ceases for any reason to be a Director: Provided that if any Director retires by rotation but is re-elected at the meeting at which such retirement took effect, any appointment made by him pursuant to this Article which was in force immediately prior to his retirement shall continue to operate after his re-election as if he had not so retired.
- (iii) If the appointment of the Alternate Director is revoked by notice in writing left at the office by his appointor;
- (iv) If the Directors resolve that the appointment of the Alternate Director be terminated
- (v) If he become prohibited by law from acting as alternate Director including
 - a) If he is convicted of any offense under the Act punishable by imprisonment; or
 - b) If he is convicted of any offense involving dishonest or fraudulent acts whether in Sri Lanka or elsewhere.
- (vi) If he resigns by writing under his hand left at the Office.
- (vii) If he ceases to hold office in terms of Section 207 of the Act
- (viii) If he becomes disqualified from being a Director in terms of Section 202 of the Act.

By order of the Board,
SOFTLOGIC HOLDINGS PLC

Sgd.

SOFTLOGIC CORPORATE SERVICES (PVT) LTD

Company Secretaries

09th December 2024

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.
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
Mr. J.D.N. Kekulawala	whom failing
Prof. A.S. Dharmasiri	whom failing
Mr.T. Nadarasa	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 Thursday the 09th January 2025 at 10.00 am and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

		For	Against
1. Ordinary Business			
1.1	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 2024 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
1.2	To re-elect Mr. H.K. Kaimal who retires by rotation in terms of Article 87 of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
1.3	To re-elect Mr. J.D.N. Kekulawala who retires by rotation in terms of Article 87 of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
1.4	To re-elect Mr. G.W.D.H.U. Gunawardena who retires by rotation in terms of Article 87 of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
1.5	To re-elect Mr. T. Nadarasa in terms of Article 94 of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
1.6	To re-appoint Messrs. Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
1.7	To authorise the Directors to determine and make donations for the year ending 31st March 2025 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>
1.8	To discuss matters giving rise to an emphasis of matter on going concern contained in the Audited Financial Statements for year 2021/2022, 2022/2023 and 2023/2024 and the remedial actions intended to be adopted by the Company to ensure compliance with Rule 7.5 (d) (ii) of the Listing Rules of the CSE, the impact of such emphasis of matter on going concern not resolved for a period of 15 months from the date of transferring its securities to the Watch List.	<input type="checkbox"/>	<input type="checkbox"/>
2. Special Business			
2.1	To consider and if thought fit to pass the Special Resolution set out under 2.1 of the Notice of Meeting for the Amendments to the Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>
2.2	To consider and if thought fit to pass the Special Resolution set out under 2.2 of the Notice of Meeting for the Amendments to the Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>

.....
 Signature

.....
 Date

Notes

- *Please strike off the inappropriate words.
- A proxy need not be a shareholder of the Company.
- 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
J.D.N. Kekulawala
Prof. A.S. Dharmasiri
A. Russell-Davison
(Resigned w.e.f. 01st May 2024)
S. Saraf
T. Nadarasa
C.K. Gupta
(Alternate Director to S. Saraf)

AUDIT COMMITTEE

J.D.N. Kekulawala – Chairman
Prof A.S. Dharmasiri
T. Nadarasa

HR AND REMUNERATION COMMITTEE

Prof. A.S. Dharmasiri - Chairman
J.D.N. Kekulawala
T. Nadarasa

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Prof. A.S. Dharmasiri - Chairman
H.K. Kaimal
T. Nadarasa

NOMINATIONS AND GOVERNANCE COMMITTEE

T. Nadarasa - Chairman
J.D.N. Kekulawala
Prof. A.S. Dharmasiri

AUDITORS

Ernst & Young Chartered Accountants
Rotunda Towers, No. 109,
Galle Road, Colombo 03
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 11 557 5000
Fax : +94 11 250 8291

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



www.softlogic.lk



Softlogic Holdings PLC

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