

SOFTLOGIC HOLDINGS LIMITED

Interim Financial Statements

Three Months ended 30 June 2011

Contents

Chairman's Statement	1
Consolidated Balance Sheet	3
Consolidated Income Statement	4
Consolidated Cash Flow Statement	5
Segment Analysis of Revenue and Profit	7
Statement of Changes in Equity	8
Company Balance Sheet	9
Company Income Statement	10
Company Cash Flow Statement	11
Company Statement of Changes in Equity	12
Notes to the Financial Statements	13
Corporate Information	15

CHAIRMAN'S STATEMENT

The Softlogic Group recorded a turnover of Rs. 4.4 Bn for the first quarter of 2011/12, ending 30th June 2011, as compared to Rs. 1.674 Bn for the corresponding period in 2010/2011. This was partly due to the consolidation of Asiri Group results which contributed Rs 1.3 billion to the turnover. This marked an increase of 162% year on year, resulting in the Group recording a Gross Profit of Rs. 1.5 Bn.

The Profit Before Tax (PBT) for the Group in the first quarter was Rs. 466 million against the Rs 146 million reported in the same quarter of 2010/2011, recording a growth in PBT of 218% YoY.

The Profit After Tax (PAT) for the group in the same quarter was Rs. 368 Mn as compared to Rs 103 Mn for the same period in the previous year, indicating an increase of 257%.

This growth in profits does not reflect the interest savings from consolidation of the Group's borrowing position consequent to the Initial Public Offering (IPO) of shares of Softlogic Group as the funds were received towards the end of the quarter. The benefits of the interest savings will be reflected in the future periods.

The ICT sector of the Group reported an increased turnover figure of Rs. 1.5 billion and a PBT of Rs. 116 million which is a 17% YoY growth. The telecommunications business continues to maintain its market leadership. Nokia remains the key brand, recording a growth of 33% YoY. We continue to hold a dominant position in the market whilst driving the business towards increasing our sales.

The Healthcare sector of the Group performed exceptionally well during the quarter. The Asiri Group recorded PAT of Rs. 123.7 Mn this quarter as compared to Rs. 5.95 Mn for the corresponding period in the previous year. The financial structure of the sector has received a significant boost with the strategic partnership with IFC who have disbursed US\$ 20 million by way of a long-term loan of 10 years including the initial grace period of 2 years.

The major quantum of which will be taken up by the new Central Hospital which in its second year of existence recorded strong operating profits of Rs. 53.5 Mn in the first quarter of this year. Taking a cue from this outstanding performance, we are confident that The Central will become a key contributor to the profitability of our healthcare business.

The Asiri Group is committed to taking quality healthcare out of the confines of the Western province, into the outlying areas of the country, resulting in the setting up of a pathology laboratory in Jaffna to serve the area with hi-tech healthcare diagnostics expertise. Further the Group acquired a project to construct a 100-bed hospital in Kandy, construction of this is anticipated to commence in the near future.

Softlogic Capital Ltd which was acquired and rebranded in the last financial year reported a profit of Rs. 17.4 Mn for the quarter. Its flagship subsidiary, Softlogic Finance Plc, is the main contributor to the Group performance and has shown exceptional growth with customer advances recorded at Rs 5.7 billion which is an increase of 32% for the quarter. Customer deposits kept pace surging 46% and surpassing Rs 2 billion during the quarter under review. The Company continues to perform outstandingly adding value to the Group Balance Sheet and has firmly set its sight towards market leadership in the industry and is positioning itself to be amongst the top 5 in the industry by year 2014.

One of our impressive recent achievements in this sector is the acquisition of Asian Alliance Insurance by the Softlogic Group. I am proud to announce that this strategic acquisition will further enhance synergies within the group and the full benefit of this will be revealed in the months ahead. Asian Alliance Insurance will be held under Softlogic Capital Ltd that has been identified as the financial services holding company and is due to be listed on the Colombo Stock Exchange shortly.

CHAIRMAN'S STATEMENT *(Contd)*

Although a modest contributor to the Group profits, our Automobile arm of the business reflects strong fundamentals and is recording steady sales volumes of circa 130 - 150 Ford vehicles for a quarter. The government's move to open up vehicle permits has resulted in a significant increase in sales of Daihatsu SUVs contributing positively to the top and bottom lines. The operating profit of the sector for the current quarter was Rs. 40 million against the Rs 1 million in the first quarter of 2010 with a PBT of Rs. 37.8 million in the same quarter against the Rs. 227,351 in the previous year.

Meanwhile, The Softlogic Group's Retail arm continues to be one of the key thrust areas for the group, posting a 122% YoY revenue growth during the first quarter of the year and a PBT of Rs. 116 million. This was primarily due to the expansion of retail stores during the period and the duty benefits as a result of the last budget. We are on track to achieve our plans to open 150 retail outlets by December 2011 and 250 by December 2012 with 85 stores in operation at the end of June 2011. These well-appointed showrooms will showcase the world's best brands in Consumer Electronics, Branded Apparel and Furniture segments. Branded Apparel remains a key growth strategy for the group, currently with 3 Levi's outlets and one Nike store. We are committed to enhancing our portfolio of international retail brands and in line with that commitment we will be opening Giordano and Mango stores in Colombo in the second quarter. We are currently looking for a large retail space to open a Debenhams Department store in Sri Lanka which will be Sri Lanka's first International Department Store.

The Group has plans to commence construction of the Movenpick City Hotel in Colombo in collaboration with the Movenpick Group in September 2011. The project is expected complete in 24 months. Softlogic Group also acquired the Ceysands Hotel in Bentota during 2011 and we have signed up Centara International Management,

a leading resort management group to manage the day to day operations of the hotel. Refurbishment and reconstruction of the hotel is anticipated to commence in September 2011 which will transform it from a 84 room hotel to a 160 room 4 star plus resort which will reopen in time for the 2012 winter season.

As our new acquisitions and consolidation comes to fruition over the next few months and years, we expect the future financial performance of the group to reflect these strategic gains. Our objective in each sector is to play a leading role. It is therefore with much pride that we look back on our achievements in the last quarter and the growth path that we have traversed. As the country's economy surges ahead, we believe that we possess a diversified portfolio of businesses that stand ready to profit from opportunities created by the "Sri Lankan miracle".

Ours is a "value story". We are determined and committed to a continuous process of "strategic value creation". We have over a short period, made new investments that are extremely strategic, aggressively grown business volumes, and in simple, made every stroke count.

I am grateful to all our stakeholders for their valued cooperation and assistance at all times.

I look forward to your cooperation as we move through the exciting times that lie ahead.



Ashok Pathirage
Chairman

22 August 2011

CONSOLIDATED BALANCE SHEET

	Unaudited as at 30.06.2011 Rs.	Unaudited as at 30.06.2010 Rs.	Audited as at 31.03.2011 Rs.
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	10,241,741,664	1,004,865,607	10,274,534,256
Leasehold Property	91,163,742	-	91,422,977
Investment Property	2,420,284,222	555,275,000	2,420,284,222
Intangible Assets	4,934,155,300	770,656,647	4,710,820,895
Investments in Associates	77,282,965	1,789,475,464	61,113,267
Other Non-Current Assets	162,786,894	-	245,561,360
Rental Receivable on Lease Assets and Hire Purchase	2,922,181,770	-	2,095,891,164
Deferred Tax Assets	373,642,354	15,547,874	369,342,491
	<u>21,223,238,912</u>	<u>4,135,820,592</u>	<u>20,268,970,632</u>
Current Assets			
Inventories	3,132,148,848	945,859,475	2,551,363,907
Trade and Other Receivables	4,322,468,705	1,594,164,680	2,878,985,826
Loans and Advances	1,189,983,456	-	984,533,733
Rental Receivable on Lease Assets and Hire Purchase	1,272,695,801	-	1,336,610,451
Amounts Due from Related Parties	-	-	261,598
Short Term Investments	886,494,694	161,111,679	730,742,362
Income Tax Refunds	176,541,370	33,538,515	103,395,695
Cash in Hand and at Bank	2,166,094,663	137,041,669	279,647,867
	<u>13,146,427,539</u>	<u>2,871,716,018</u>	<u>8,865,541,439</u>
Total Assets	<u>34,369,666,451</u>	<u>7,007,536,610</u>	<u>29,134,512,071</u>
EQUITY AND LIABILITIES			
Equity Attributable to Equity Holders of the Parent			
Stated Capital	5,089,000,000	1,058,000,000	1,058,000,000
Capital Reserves	684,153,591	588,953,330	684,900,723
Revenue Reserves	1,566,355,838	566,144,359	1,298,686,341
Shareholders' Funds	7,339,509,429	2,213,097,689	3,041,587,064
Minority Interest	4,041,658,205	4,974,065	4,003,432,769
Total Equity	<u>11,381,167,634</u>	<u>2,218,071,753</u>	<u>7,045,019,833</u>
Non-current Liabilities			
Interest Bearing Borrowings	4,372,006,627	1,705,810,788	3,488,911,803
Public Deposits	246,568,118	-	205,057,922
Deferred Tax Liabilities	265,515,804	75,139,918	173,917,139
Employee Benefit Liabilities	259,877,727	49,589,196	252,462,657
Deferred Income	1,681,189	-	2,242,069
	<u>5,145,649,464</u>	<u>1,830,539,902</u>	<u>4,122,591,590</u>
Current Liabilities			
Trade and Other Payables	2,434,960,955	627,115,709	1,938,594,982
Amounts Due to Related Parties	3,721,277	3,327,917	4,049,610
Income Tax Liabilities	237,218,738	94,735,407	195,792,771
Short Term Borrowings	6,308,869,207	1,522,734,812	10,083,408,350
Current Portion of Interest Bearing Borrowings	5,188,780,121	-	2,970,674,476
Public Deposits	2,018,287,908	-	1,379,779,977
Bank Overdrafts	1,651,011,146	711,011,110	1,394,600,482
	<u>17,842,849,353</u>	<u>2,958,924,955</u>	<u>17,966,900,647</u>
Total Equity and Liabilities	<u>34,369,666,451</u>	<u>7,007,536,610</u>	<u>29,134,512,071</u>

Net asset per share 9.93 34.58 4.75

Note : The above figures are subject to audit.

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



Chief Financial Officer

The Board of directors is responsible for the preparation and presentation of these financial statements.
Signed for and on behalf of the Board by,



Director



Director

22 August 2011

CONSOLIDATED INCOME STATEMENT

For the three months ended 30 June	2011 Rs.	2010 Rs.	Change %	Year ended 31.03.2011 Rs.
Revenue	4,396,141,060	1,674,934,085	162.47%	10,788,466,990
Cost of Sales	(2,846,891,593)	(1,297,886,230)	119.35%	(7,908,037,068)
Gross Profit	1,549,249,467	377,047,855	310.89%	2,880,429,922
Dividend Income	8,502,527	1,054,914	705.99%	3,223,513
Other Operating Income	194,562,333	122,983,648	58.20%	669,038,971
Distribution Expenses	(156,704,106)	(49,992,143)	213.46%	(481,811,417)
Administrative Expenses	(712,867,937)	(197,881,961)	260.25%	(1,358,181,681)
Finance Expenses	(432,638,391)	(120,338,951)	259.52%	(857,054,582)
Change in Fair Value of Investment Property	-	-	-	165,775,000
Share of Results of Associates	16,169,699	13,732,076	17.75%	25,399,350
Profit Before Tax	466,273,592	146,605,438	218.05%	1,046,819,076
Tax Expense	(97,478,967)	(43,393,000)	124.64%	(76,009,554)
Profit for the Period	368,794,625	103,212,438	257.32%	970,809,523
Attributable to:				
Equity Holders of the Parent	275,545,421	102,591,567	168.58%	829,248,354
Minority Interest	93,249,204	620,871	14919.10%	141,561,169
	368,794,625	103,212,438	257.32%	970,809,523
Basic Earnings Per Share	0.42	1.60		1.30

Note : Figures in brackets indicate deductions.
The above figures are subject to audit.

CONSOLIDATED CASH FLOW STATEMENT

	2011 Rs.	2010 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax expenses	466,273,592	146,605,438
Adjustments for:		
Interest Income	(7,560,398)	(528,574)
Dividend income	(8,502,527)	(1,054,914)
Depreciation of property, plant and equipment	131,780,694	17,872,734
Finance expenses	432,638,391	120,338,951
Share of results of associates	(16,169,698)	(13,732,076)
(Profit) / loss on sale of other investments	(863,131)	(10,916,856)
(Profit) / loss on sale of property, plant and equipment	(2,008,929)	-
Gratuity provision and related costs	9,019,482	2,561,133
Provision for increase in value of investments	97,309,796	-
Prior year adjustment on Associate	-	10,066,378
Exchange (Gain) / Loss	-	27,811,154
Deferred income	(560,880)	-
Profit before working capital changes	906,736,798	299,023,368
(Increase) / decrease in inventories	(580,784,941)	(136,055,894)
(Increase) / decrease in receivable and prepayments	(1,443,482,879)	(289,490,641)
(Increase) / decrease in amount due from related parties	261,598	-
Increase / (decrease) in creditors and accruals	496,365,973	41,527,853
Increase / (decrease) in amount due to related parties	(328,333)	-
Increase / (decrease) in investments in lease and hire purchase	(762,375,956)	-
Increase / (decrease) in loans and advances	(205,449,723)	-
Cash Generated from / (used) in Operating activities	(1,589,057,464)	(84,995,314)
Finance expenses paid	(432,638,391)	(120,338,951)
Interest Received	7,560,398	528,574
Dividend received	8,502,527	1,054,914
Gratuity Paid	(1,604,413)	(165,875)
Tax paid	(48,446,427)	-
Net cash flow from / used in operating activities	(2,055,683,768)	(203,916,652)
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Purchase and construction of property, plant and equipment	(98,728,866)	(11,587,652)
Purchase of investments	(242,596,341)	(71,541,126)
Proceeds from sale of property, plant and equipment	2,008,929	-
Net cash flow from / (used in) investing activities	(339,316,279)	59,953,474

CONSOLIDATED CASH FLOW STATEMENT (Contd)

	2011 Rs.	2010 Rs.
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Dividend paid to minority shareholders	(4,767,350)	-
Proceeds from long term borrowings	3,101,200,466	13,514,861
Proceeds from / (repayment of) short term borrowings (net)	(3,774,539,143)	223,692,990
Proceeds from public deposits	680,018,127	-
Direct cost on Share Issue	(7,875,924)	-
Proceeds from share issue	4,031,000,000	99,315,936
Net cash flow from / (used in) financing activities	4,025,036,176	336,523,787
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	1,630,036,132	192,560,609
CASH AND CASH EQUIVALENTS AT THE BEGINNING	(1,114,952,615)	(766,530,050)
CASH AND CASH EQUIVALENTS AT THE END	515,083,517	(573,969,441)
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Favourable balances		
Cash in hand and at Bank	2,166,094,663	137,041,669
Unfavourable balances		
Bank overdrafts	(1,651,011,146)	(711,011,110)
Cash and cash equivalents	515,083,517	(573,969,441)

Note : Figures in brackets indicate deductions.
The above figures are subject to audit.

SEGMENT ANALYSIS OF REVENUE AND PROFIT

	Information Technology		Leisure		Retail		Automobiles		Financial Services		Healthcare		Other	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Total Revenue	1,510,245,156	1,236,117,109	18,754,240	-	923,185,231	416,250,268	264,037,468	22,566,708	299,135,917	-	1,380,783,048	-	-	-
Operating Profit	207,334,540	155,822,095	(6,267,530)	-	158,213,933	57,585,271	40,228,589	776,345	27,472,595	-	341,493,682	-	114,266,475	39,028,602
Profit before Tax	116,989,507	99,717,974	(6,370,159)	-	115,917,299	36,918,355	37,822,792	227,351	31,280,043	-	157,807,526	-	12,826,584	9,741,758
Income Tax	(30,748,718)	(33,868,000)	-	-	(16,728,948)	(9,473,275)	(6,873,360)	(51,725)	(13,899,372)	-	(28,508,505)	-	(720,065)	-
Profit after Tax	86,240,789	65,849,974	(6,370,159)	-	99,188,351	27,445,080	30,949,432	175,626	17,380,671	-	129,299,021	-	12,106,519	9,741,758

STATEMENT OF CHANGES IN EQUITY

GROUP

In Rs.	Stated Capital	Revaluation Reserve	Attributable to equity holders of parent				Total	Minority Interest	Total Equity
			Exchange Translation Reserves	Statutory Reserve Fund	Accumulated Profit				
As at 01 April 2011	1,058,000,000	737,845,882	(56,359,656)	3,414,497	1,298,686,341	3,041,587,064	4,003,432,769	7,045,019,833	
Issue of shares	4,031,000,000	-	-	-	-	4,031,000,000	-	4,031,000,000	
Currency Translation Difference	-	-	(747,132)	-	-	(747,132)	-	(747,132)	
Net gain / (loss) recognised directly in equity	-	-	-	-	-	-	(50,256,418)	(50,256,418)	
- Changes in holding	-	-	-	-	-	-	(4,767,350)	(4,767,350)	
Subsidiary dividend to minority shareholders	-	-	-	-	(7,875,924)	(7,875,924)	-	(7,875,924)	
Direct cost on Share Issue	-	-	-	-	-	-	-	-	
Profit for the period	5,089,000,000	737,845,882	(57,106,789)	3,414,497	1,566,355,838	7,339,509,429	93,249,204	368,794,625	
As at 30 June 2011	5,089,000,000	737,845,882	(57,106,789)	3,414,497	1,566,355,838	7,339,509,429	4,041,658,205	11,381,167,634	
As at 01 April 2010	984,056,000	628,105,194	(37,180,342)	-	464,472,033	2,039,452,885	4,353,194	2,043,806,079	
Direct Cost on Share Issue	-	-	-	-	(919,242)	(919,242)	-	(919,242)	
Issue of shares	73,944,000	-	-	-	-	73,944,000	-	73,944,000	
Currency Translation Difference	-	-	(1,971,522)	-	-	(1,971,521)	-	(1,971,522)	
Profit for the period	-	-	-	-	102,591,567	102,591,567	620,871	103,212,438	
As at 30 June 2010	1,058,000,000	628,105,194	(39,151,864)	-	566,144,359	2,213,097,689	4,974,065	2,218,071,753	

Note : Figures in brackets indicate deductions.
The above figures are subject to audit.

COMPANY BALANCE SHEET

	Unaudited as at 30.06.2011 Rs.	Unaudited as at 30.06.2010 Rs.	Audited as at 31.03.2011 Rs.
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	83,956,739	53,743,050	73,555,667
Investment Property	125,700,000	125,700,000	125,700,000
Investments in Subsidiaries and Joint Ventures	5,335,996,570	640,975,715	5,018,655,747
Investments in Associates	12,449,800	1,145,781,315	12,449,800
Other Non-Currents Assets	242,044,175	242,044,175	242,044,175
	<u>5,800,147,284</u>	<u>2,208,244,255</u>	<u>5,472,405,389</u>
Current Assets			
Trade and Other Receivables	55,611,204	111,375,364	70,715,721
Amounts Due from Related Parties	372,673,299	230,540,546	278,145,009
Short Term Investments	369,043,064	103,843,427	271,725,154
Income Tax Refunds	4,717,622	-	2,685,050
Cash in Hand and at Bank	1,728,959,291	2,458,572	5,743,212
	<u>2,531,004,480</u>	<u>448,217,909</u>	<u>629,014,146</u>
Total Assets	<u>8,331,151,764</u>	<u>2,656,462,164</u>	<u>6,101,419,535</u>
EQUITY AND LIABILITIES			
Stated Capital	5,089,000,000	1,058,000,000	1,058,000,000
Revenue Reserves	(14,526,069)	(67,777,874)	(10,769,879)
Total Equity	<u>5,074,473,931</u>	<u>990,222,126</u>	<u>1,047,230,121</u>
Non-current Liabilities			
Interest Bearing Borrowings	308,201,377	412,244,509	400,723,284
Employee Benefit Liabilities	10,999,896	3,987,072	11,599,896
	<u>319,201,273</u>	<u>416,231,581</u>	<u>412,323,180</u>
Current Liabilities			
Trade and Other Payables	234,488,307	6,208,601	67,623,996
Amounts Due to Related Parties	757,732,123	632,856,920	704,590,689
Short Term Borrowings	1,660,190,815	100,000,000	3,690,744,882
Current Portion of Interest Bearing Borrowings	220,248,755	97,692,205	142,721,412
Bank Overdrafts	64,816,560	413,250,731	36,185,255
	<u>2,937,476,560</u>	<u>1,250,008,457</u>	<u>4,641,866,234</u>
Total Equity and Liabilities	<u>8,331,151,764</u>	<u>2,656,462,164</u>	<u>6,101,419,535</u>

Note : Figures in brackets indicate deductions.

The above figures are subject to audit.

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



Chief Financial Officer

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

Signed for and on behalf of the Board by,



Director



Director

22 August 2011

COMPANY INCOME STATEMENT

For the three months ended 30 June	2011 Rs.	2010 Rs.	Change %	Year ended 31.03.2011 Rs.
Revenue	51,747,910	29,746,212	73.96%	159,556,537
Cost of Sales	(29,131,788)	(15,946,084)	82.69%	(77,315,815)
Gross Profit	22,616,121	13,800,128	63.88%	82,240,722
Dividend Income	8,502,527	18,246,729	-53.40%	151,065,019
Other Operating Income	107,983,185	27,336,076	295.02%	148,350,102
Administrative Expenses	(46,504,297)	(7,630,257)	509.47%	(108,843,591)
Finance Expenses	(88,477,802)	(29,286,844)	202.11%	(190,154,560)
Profit Before Tax	4,119,734	22,465,833	-81.66%	82,657,692
Tax Expense	-	-	-	(3,183,864)
Profit for the Period	4,119,734	22,465,833	-81.66%	79,473,828

Note : Figures in brackets indicate deductions.
The above figures are subject to audit.

COMPANY CASH FLOW STATEMENT

	2011 Rs.	2010 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before Income Tax Expenses	4,119,734	22,465,833
Adjustments for:		
Interest Income	(6,001,328)	(528,574)
Dividend income	(8,502,527)	(18,246,729)
Depreciation of property, plant and equipment	11,175,000	8,100,000
Finance expenses	88,477,802	29,286,844
(Profit) / loss on sale of other investments	(863,131)	(12,433,428)
(Profit) / loss on sale of property, plant and equipment	(2,008,929)	-
Provision for Increasing Value of investments	97,309,796	-
Profit before working capital changes	183,706,416	28,643,946
(Increase) / decrease in receivable and prepayments	15,104,517	6,935,580
(Increase) / decrease in amount due from related parties	(94,528,290)	(2,158,872)
Increase / (decrease) in creditors and accruals	166,864,311	(1,712,207)
Increase / (decrease) in amount due to related parties	53,141,432	(80,938,951)
Cash Generated from/ (used in) Operations	324,288,386	(49,230,504)
Finance expenses paid	(88,477,802)	(29,286,844)
Interest Received	6,001,328	528,574
Dividend Received	8,502,527	18,246,729
Gratuity Paid	(600,000)	(165,875)
Tax paid	(2,032,572)	-
Net cash flow from / (used in) operating activities	247,681,868	(59,907,920)
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Purchase and construction of property, plant and equipment	(21,576,072)	-
(Purchase) / disposal of other investments held for sale (net)	(193,764,575)	58,169,066
Proceeds from sale of property, plant and equipment	2,008,929	18,490
Acquisition of subsidiary	(317,340,823)	-
Net cash flow from / (used in) investing activities	(530,672,540)	58,187,556
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Proceeds from non interest bearing borrowings (net)	(14,994,564)	(25,670,092)
Proceeds from / (repayment of) short term borrowings (net)	(2,030,554,067)	-
Direct cost on Share Issue	(7,875,924)	-
Proceeds from share issue	4,031,000,000	73,944,000
Net cash flow from financing activities	1,977,575,445	48,273,908
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,694,584,774	46,553,544
CASH AND CASH EQUIVALENTS AT THE BEGINNING	(30,442,043)	(457,345,703)
CASH AND CASH EQUIVALENTS AT THE END	1,664,142,731	(410,792,159)
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Favourable balances		
Cash in hand and at Bank	1,728,959,291	2,458,572
Unfavourable balances		
Bank overdrafts	(64,816,560)	(413,250,731)
Cash and cash equivalents	1,664,142,731	(410,792,159)

Note : Figures in brackets indicate deductions.
The above figures are subject to audit.

COMPANY STATEMENT OF CHANGES IN EQUITY

In Rs.	Stated Capital	Accumulated Profit	Total
As at 01 April 2011	1,058,000,000	(10,769,879)	1,047,230,121
Issue of shares	4,031,000,000	-	4,031,000,000
Direct cost on Share Issue	-	(7,875,924)	(7,875,924)
Profit for the period	-	4,119,734	4,119,734
As at 30 June 2011	5,089,000,000	14,526,069	5,074,473,931
As at 01 April 2010	984,056,000	(89,324,465)	894,731,535
Issue of shares	73,944,000	-	73,944,000
Direct cost on Share Issue	-	(919,242)	(919,242)
Profit for the period	-	22,465,833	22,465,833
As at 30 June 2010	1,058,000,000	(67,777,874)	990,222,126

Note : Figures in brackets indicate deductions.
The above figures are subject to audit.

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

Softlogic Holdings Ltd, is a public limited company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange.

The interim financial statements of the Group and the Company for the 3 months ended 30 June 2011 were authorised for issue by the Board of directors.

2. Basis of Preparation

The interim financial statements of the group and of the company have been prepared on the basis of the same accounting policies and methods applied for the year ended 31 March 2011 and are in compliance with Sri Lanka Accounting Standard 35 - Interim Financial Reporting.

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

3. Share Information

3.1 Public Share Holdings

The percentage of shares held by the public as at 30 June 2011 was 18.71%

3.2 Directors' Share Holdings

The number of shares held by the Board of directors are as follows:

As at	30-06-2011	31-03-2011
A K Pathirage - Chairman/ Managing Director	325,193,300	321,500,000
H U Gunawardena	57,469,300	57,000,000
R J Perera	60,636,700	58,390,000
H Kaimal	64,870,800	64,500,000
R Rasool	361,600	Nil
S Rajapaksha	5,477,600	Nil
Dr S Selliah	2,000,000	2,000,000
Deshamanya P D Rodrigo	Nil	Nil
P L De Alwis	Nil	Nil

3.3 Twenty Largest Shareholders of the Company are as follows:

As at	30.06.2011		31.03.2011	
	Number of shares	%	Number of shares	%
1 Mr. A K Pathirage	325,193,300	41.74%	321,500,000	50.23%
2 Mr. H K Kaimal	64,870,800	8.33%	64,500,000	10.08%
3 Mr. R J Perera	60,636,700	7.78%	58,390,000	9.12%
4 Mr. H U Gunawardena	57,469,300	7.38%	57,000,000	8.91%
5 Ceylon Investment PLC	14,000,000	1.80%	14,000,000	2.19%
6 Ceylon Guardian Investment Trust PLC	13,770,000	1.77%	13,770,000	2.15%
7 Mr. K P R B De Silva	10,000,000	1.28%	10,000,000	1.56%
8 Mr. S A B Rajapaksa	5,477,600	0.70%	Nil	0.00%
9 Mrs. A Selliah	4,236,000	0.54%	4,000,000	0.63%
10 Miss. S Subramaniam	3,736,000	0.48%	3,500,000	0.55%

NOTES TO THE FINANCIAL STATEMENTS (Contd)

As at	30.06.2011		31.03.2011	
	Number of shares	%	Number of shares	%
11 Mr. V Kailaspillai	3,736,000	0.48%	3,500,000	0.55%
12 Mrs. A Kailasapillai	3,736,000	0.48%	3,500,000	0.55%
13 Union Assurance PLC A/C No - 01	3,693,200	0.47%	Nil	0.00%
14 Sampath Bank PLC A/C No - 01	3,594,000	0.46%	Nil	0.00%
15 HSBC INTL NOM LTD -SNFE-NTASIAN Discovery Master Fund	3,594,000	0.46%	Nil	0.00%
16 Mr. R S Captain	3,500,000	0.45%	3,500,000	0.55%
17 Bartleet Finance Ltd	3,500,000	0.45%	Nil	0.00%
18 Arunodhaya (Pvt) Limited	3,500,000	0.45%	3,500,000	0.55%
19 Arunodhaya Investments (Pvt) Ltd	3,500,000	0.45%	3,500,000	0.55%
20 Mr. K Aravinthan	3,500,000	0.45%	3,500,000	0.55%

3.4 Stated Capital

Stated capital is represented by number of shares in issue as given below;

As at	30-06-2011	31-03-2011	30-06-2010
Ordinary shares	779,000,000	640,000,000	64,000,000

3.5 Net Assets per Share

Net assets per share have been calculated, for all periods, based on the number of shares in issue as at 30 June 2011.

4. Stated Capital Movements

The company issued 139,000,000 ordinary voting shares to the public at Rs. 29/= per share. The issue was opened on 09 June 2011 and was closed on the same day. These shares were listed on the Colombo Stock Exchange on 12 July 2011. The movement in the stated capital is given below;

Stated Capital	Rs.
As at 01 April 2011	1,058,000,000
Net proceeds from new share issue	4,031,000,000
As at 30 June 2011	5,089,000,000

5. Contingencies, Capital and Other Commitments

There has been no significant change in the nature of the contingencies and other commitments, which were disclosed in the annual report for the year ended 31 March 2011.

6. Events Occurring After the Balance Sheet Date

There have been no events subsequent to the Balance sheet date, which require disclosure in the interim financial statements other than the following.

Softlogic Holdings Ltd and Softlogic Capital PLC have entered in to a Sale and Purchase agreement on 12th July, 2011 with Asia Capital & its related parties to purchase 73.53% stake in Asian Alliance PLC.

(Softlogic Holdings Ltd - 8,449,416 (22.53% stake) and Softlogic Capital PLC - 19,125,000 shares (51% stake)).

CORPORATE INFORMATION

Name of Company

Softlogic Holdings Ltd.

Legal Form

Public Limited Liability Company
Incorporated in Sri Lanka on 25 February 1998
as a Private Limited Liability Company under the
Companies Act No. 17 of 1982 Re-registered on
10 December 2007 as a Public Limited Liability
Company under the Companies Act No 07 of 2007
Ordinary shares listed on the Colombo Stock
Exchange

Company Registration No

PV 1536 PB

Registered Office of the Company

14, De Fonseka Place,
Colombo 05
Sri Lanka

Contact Details

14, De Fonseka Place,
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Sri Lanka

Tel : +94 11 5575 000
Fax : +94 11 2595 441
E-mail : info@softlogic.lk
Web : www.softlogic.lk

Directors

A K Pathirage - Chairman/Managing Director
H U Gunawardena
R J Perera
H Kaimal
R Rasool
S Rajapaksha
Dr. S Selliah
Deshamanya P D Rodrigo
P L De Alwis

Audit Committee

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

Remuneration Committee

P L De Alwis
Deshamanya P D Rodrigo

Secretaries and Registrars

Secretaries & Registrars (Pvt) Ltd
32A, 1st Floor,
Sir Mohamed Macon Makar Mw.,
Colombo 03.

Investor Relations

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Bankers

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

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Chartered Accountants
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