



Interim Financial Statements  
Six Months ended 30 September 2011

# A journey begins



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## Chairman's Statement

### Dear Stakeholder,

Your Group has achieved significant results in the second quarter and the first six months of 2011/12, exceeding our expectations set at the beginning of the year. Whilst the details of the operations and the results are given later in my message, summarised below are some of the key financial highlights for the first six months compared to the corresponding period of the previous year.

- Group Turnover increased by 159% to Rs. 9.91 billion
- Group Profit Before Tax (PBT) increased by 213% to Rs. 1.09 billion
- Group Profit After Tax (PAT) increased by 213% to Rs. 869 million
- Group profit attributable to equity holders increased by 88% to Rs. 500 million

The Group turnover for the first six months ending 30 September 2011 was Rs. 9.91 Bn, an increase of 159% when compared to the Rs. 3.82 Bn recorded in the corresponding period of the previous year. The Group recorded a turnover of Rs. 5.52 Bn for the second quarter of 2011/12, as compared to Rs. 2.15 Bn for the corresponding period in 2010/11. The first half contributions of Asiri Group of hospitals which became a subsidiary in December 2010 was Rs. 2.89 Bn while the recently acquired Asian Alliance Insurance too contributed a month's revenue. This Group wide positive performance, contributed to a Group Gross Profit of Rs. 1.72 Bn and Rs. 3.27 Bn for the quarter and the first six months respectively.

The PBT for the Group in the first six months was Rs. 1.09 Bn, an increase of 213% when compared to the Rs. 349 Mn reported in the first six months of 2010/2011. The second quarter PBT was Rs. 627 Mn as compared to the Rs. 203 Mn recorded in the corresponding period of the previous year. The second quarter results were impacted by one off impairment related write-offs from various Group companies totalling Rs. 82 Mn.

The PAT for the group for the six months was Rs. 869 Mn as compared to Rs. 278 Mn for the same period in the previous year, indicating an increase of 213%. The second quarter recorded a PAT of Rs. 501 Mn, when compared to the Rs. 174 Mn recorded in the corresponding period of the previous year.

The Company PBT for the first half of 2011/12 was Rs. 254 Mn, a 117% increase over the PBT of Rs. 117 Mn recorded in the corresponding period of 2010/11. The second quarter PBT was Rs. 250 Mn when compared to the Rs. 95 Mn recorded in the corresponding period of the previous year.

The Information and Communication Technology sector of the Group recorded a turnover of Rs. 3.4 Bn and a PBT of Rs. 270 Mn for the first six months, an increase of 35% and 86% respectively when compared to the revenue of Rs. 2.53 Bn and a PBT of Rs. 145 Mn recorded in the corresponding period of the previous year. The turnover and PBT recorded for the second quarter of 2011/12 was Rs. 1.89 Bn and Rs. 153 Mn respectively when compared to the turnover of Rs.1.29 Bn and PBT of Rs. 45 Mn recorded in the second quarter of 2010/11. The telecommunications business continues to maintain its market leadership and is introducing new products and services to the Sri lankan market. Softlogic launched Dell Streak 5 that will help Sri Lankans to discover new avenues and to experience the web, connectivity and navigation through a total enhanced user level. Softlogic appointed Dialog Axiata PLC as the official mobile service provider for this service.

The Healthcare sector of the Group continued to perform exceptionally well with the Asiri Group recording revenues of Rs. 2.89 Bn and PBT of Rs. 397 Mn for the first half of 2011/12. The Sector recorded revenues of Rs. 1.51 Bn and PBT of Rs. 240 Mn for the second quarter of this financial year.

As mentioned in my previous message, the Asiri Group's commitment to taking quality healthcare out of the confines of the Western

## Chairman's Statement

province is coming to fruition with the setting up of the pathology laboratory in Jaffna which became operational at the end of the second quarter. The Group also has plans for opening a laboratory in Batticaloa by the end of the third quarter in order to serve the Eastern part of Sri Lanka with hi-tech healthcare diagnostics expertise. The planning stage for the construction of the 100-bed hospital in Kandy is nearing its final stages and we expect to receive the necessary approvals to start construction in the near future.

The Financial Services sector comprising of Leasing, Finance and Insurance recorded revenues and PBT of Rs. 833 Mn and Rs. 283 Mn respectively for the first half of the year. The revenues and PBT recorded for the second quarter were Rs. 554 Mn and Rs. 269 Mn respectively when compared to the revenue of Rs. 67 Mn and PBT of Rs. 27 Mn recorded in the second quarter of 2010/11.

Since its acquisition in August 2010, Softlogic Finance PLC has shown tremendous growth with Total Assets surpassing Rs. 8.0 Bn to be now categorised as a Large Finance Company as per Central Bank classification. RAM ratings accorded the Company investment grade status of BBB-/P3 (stable) during the second quarter. The total loan portfolio rose by 215% to Rs. 7.18 Bn in the second quarter, up from Rs. 2.28 Bn in the corresponding period of the previous year, whilst customer deposits surpassed Rs. 3.0 Bn at the end of the second quarter, 2011/12. The capital base of the company was further augmented by a Rights Issue infusion of Rs. 535 Mn that has seen Total Equity exceed Rs. 1.0 Bn as the firm stands primed for explosive growth in its business activities.

Asian Alliance Insurance PLC was acquired by the Softlogic Group during the second quarter and the Group currently holds majority interest in the Company through Softlogic Holdings PLC and Softlogic Capital Ltd. This acquisition will complement the financial services strategy of the Group through a number of synergies that will shortly be executed. The company which is

a composite insurer, has a strong proposition in the "life business" and will aim to increase market share in a promising environment where strong insurance growth is keenly correlated to growth in the national economy.

During the Second quarter, Softlogic Capital Ltd, the holding company of the Financial Services and Insurance sector, was listed in the Colombo Stock Exchange by way of a share Introduction and is now a public limited company. While this did not raise any new funds, it would facilitate the trading of the Company's Shares on the CSE and enhance the marketability of the shares and allow the Company greater access to the capital markets of Sri Lanka.

The Automobile arm of Softlogic had considerable growth during the second quarter despite delays in arrival of stock due to the unfortunate natural disasters that occurred in Japan in the early 2011. The automobile sector achieved revenues of Rs. 578 Mn and PBT of Rs. 50 Mn for the first half of 2011/12, being growths of 285% and 133% respectively when compared to the revenue of Rs. 150 Mn and PBT of Rs. 22Mn recorded in the corresponding period of the previous year. The second quarter revenue was Rs. 314 Mn and PBT was Rs. 12 Mn when compared to the Rs. 127 Mn and Rs. 21 Mn recorded respectively in the corresponding period in 2010/11.

Softlogic Group's Retail sector continues to see steady growth amidst the expansion of the Retail outlets throughout the Island. The Company has reached the milestone of opening its 100th showroom, thereby enabling a wider consumer base to access its Multi Brand stores selling a World reputed range of Consumer Electronics and Home Appliances. By adding new brands such as Candy and Russell Hobbs to its existing impressive brand line-up of home appliances the Retail sector is making a firm indelible mark in the consumer electronics segment setting the stage for strong revenue growth in the coming year-end season which is traditionally a peak in the market. With the recent opening of its most modern, fully equipped, state of the

art Service Center facility in a central location in Nawala, Softlogic further established its After sales service excellence to its customers offering a myriad services all under one roof, from Consumer durables to Office automation.

The Retail sector posted revenues of Rs. 2.18 Bn and PBT of Rs. 220 Mn in the first half of the year, being increases of 116% and 83% respectively when compared to the revenue of Rs. 1.0 Bn and PBT of Rs. 121 Mn recorded in the corresponding periods of 2010/11. The second quarter recorded revenues of Rs. 1.26 Bn and PBT of Rs. 104 Mn when compared to the revenue of Rs. 592 Mn and PBT of Rs. 84 Mn recorded in the corresponding period of the previous year. In addition, the expansion of the Branded Apparel sub sector is gaining momentum with the recent opening of the Giordano flagship store in Colombo and the Mango store which is planned to be opened in the third quarter in a central location in Colombo. The search for space for the Debenhams Department store in Sri Lanka which will be Sri Lanka's first International Department Store is progressing positively with a few good leads.

As previously announced, the construction of the Movenpick City Hotel in Colombo was commenced during the second quarter and the project is expected to complete in 24 months. The Ceylands Hotel in Bentota was

closed in October for a complete refurbishment and expansion and will re-open for the 2012 winter season as a 166 room 4 star plus resort that will be managed by Centara International Management.

The second quarter results have added further value to our story strengthening the journey begun. Whilst you have seen the results of the new investments made and are aware of the short term strategic plans of the Group, I like to remind all of you that your company is constantly evaluating long term strategic priorities in order to aggressively grow the Group's businesses.



**Ashok Pathirage**  
*Chairman*

09 November 2011

## Balance Sheet

Consolidated Audited as at 31.03.2011 Rs.	Company Audited as at 31.03.2011 Rs.		Consolidated		Company	
			Unaudited as at 30.09.2011 Rs.	Unaudited as at 30.09.2010 Rs.	Unaudited as at 30.09.2011 Rs.	Unaudited as at 30.09.2010 Rs.
		<b>ASSETS</b>				
		<b>Non-Current Assets</b>				
10,274,534,256	73,555,666	Property, Plant and Equipment	10,313,085,061	1,035,627,130	94,515,424	46,637,717
91,422,977	-	Leasehold Property	106,247,165	-	-	-
2,420,284,222	125,700,000	Investment Property	2,420,284,222	555,275,000	125,700,000	125,700,000
4,710,820,895	-	Intangible Assets	7,686,560,060	960,884,091	-	-
-	5,018,655,747	Investments in Subsidiaries and Joint Ventures	-	-	6,189,336,291	2,033,804,790
61,113,267	12,449,800	Investments in Associates	63,523,322	1,884,178,459	12,449,800	43,602,348
245,561,360	242,044,175	Other Non Current Assets	993,778,130	-	5,000,000	5,000,000
2,095,891,164	-	Rental Receivable on Lease Assets and Hire Purchase	3,541,682,026	1,478,055,431	-	-
-	-	Policy Loans & Other Loans	52,457,656	-	-	-
-	-	Amount due from Related Parties	-	-	237,044,175	237,044,175
369,342,491	-	Deferred Tax Assets	397,583,695	40,160,508	-	-
<b>20,268,970,634</b>	<b>5,472,405,388</b>		<b>25,575,201,337</b>	<b>5,954,180,619</b>	<b>6,664,045,690</b>	<b>2,491,789,030</b>
		<b>Current Assets</b>				
2,551,363,907	-	Inventories	3,255,134,211	1,339,089,034	-	-
2,878,985,826	70,715,722	Trade and Other Receivables	4,658,286,035	1,811,963,172	79,020,705	101,875,733
984,533,733	-	Loans and Advances	1,985,154,225	727,683,337	-	-
1,336,610,451	-	Rental Receivable on Lease Assets and Hire Purchase	1,886,714,841	709,492,328	-	-
-	-	Reinsurance Receivable	79,817,779	-	-	-
-	-	Premium Receivable	138,605,111	-	-	-
261,598	278,145,009	Amounts Due from Related Parties	7,823,276	44,237,467	442,413,419	245,113,762
730,742,362	271,725,154	Short Term Investments	3,897,081,785	694,918,350	304,979,106	168,751,236
103,395,695	2,685,050	Income Tax Refunds	157,945,719	30,570,352	3,224,130	1,728,687
279,647,867	5,743,212	Cash in Hand and at Bank	344,993,858	130,448,531	20,123,350	4,858,207
<b>8,865,541,439</b>	<b>629,014,147</b>		<b>16,411,556,839</b>	<b>5,488,402,570</b>	<b>849,760,710</b>	<b>522,327,625</b>
<b>29,134,512,073</b>	<b>6,101,419,536</b>	<b>Total Assets</b>	<b>41,986,758,177</b>	<b>11,442,583,189</b>	<b>7,513,806,400</b>	<b>3,014,116,655</b>
		<b>EQUITY AND LIABILITIES</b>				
		<b>Equity Attributable to Equity Holders of the Parent</b>				
1,058,000,000	1,058,000,000	Stated Capital	5,089,000,000	1,058,000,000	5,089,000,000	1,058,000,000
684,900,723	-	Capital Reserves	704,744,999	588,165,207	-	-
1,298,686,340	(10,769,879)	Reserve Reserves	1,702,271,962	729,491,149	111,519,651	27,038,515
3,041,587,063	1,047,230,121	Shareholders' Funds	7,496,016,961	2,375,656,356	5,200,519,651	1,085,038,515
4,003,432,769	-	Minority Interest	4,989,582,723	294,944,670	-	-
<b>7,045,019,832</b>	<b>1,047,230,121</b>	<b>Total Equity</b>	<b>12,485,599,684</b>	<b>2,670,601,026</b>	<b>5,200,519,651</b>	<b>1,085,038,515</b>

Consolidated Audited as at 31.03.2011	Company Audited as at 31.03.2011		Consolidated		Company	
			Unaudited as at 30.09.2011	Unaudited as at 30.09.2010	Unaudited as at 30.09.2011	Unaudited as at 30.09.2010
Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
		<b>Non-current Liabilities</b>				
3,488,911,802	400,723,284	Interest Bearing Borrowings	7,621,193,750	2,019,145,840	1,495,530,399	160,480,927
205,057,922	-	Public Deposits	380,509,264	100,263,531	-	-
-	-	Insurance Provision - Life	2,364,270,931	-	-	-
-	-	Provision for Life Solvency	100,000,000	-	-	-
173,917,139	-	Deferred Tax Liabilities	325,043,572	114,746,024	-	-
252,462,657	11,599,896	Employee Benefit Liabilities	198,148,498	64,552,150	14,121,642	10,974,974
-	-	Amounts due to Related Parties	-	3,370,217	-	-
2,242,069	-	Deferred Income	1,630,982	-	-	-
<b>4,122,591,589</b>	<b>412,323,180</b>		<b>10,990,796,996</b>	<b>2,302,077,761</b>	<b>1,509,652,041</b>	<b>171,455,901</b>
		<b>Current Liabilities</b>				
1,938,594,985	67,623,996	Trade and Other Payables	3,070,778,917	706,584,410	31,863,918	26,011,692
4,049,610	704,590,689	Amounts Due to Related Parties	3,746,647	-	453,983,827	675,663,795
195,792,771	-	Income Tax Liabilities	207,989,684	80,916,678	-	-
10,158,365,017	3,690,744,882	Short Term Borrowings	4,188,810,267	2,214,616,600	88,525,046	603,574,986
2,895,717,810	142,721,412	Current Portion of Interest Bearing Borrowings	6,392,795,861	1,920,282,913	223,073,375	81,245,363
-	-	Insurance Provision - Non-Life	288,234,275	-	-	-
-	-	Reinsurance Creditors	190,827,384	-	-	-
1,379,779,977	-	Public Deposits	2,810,810,353	887,525,803	-	-
1,394,600,482	36,185,255	Bank Overdrafts	1,356,368,108	659,977,998	6,188,542	371,126,403
<b>17,966,900,652</b>	<b>4,641,866,234</b>		<b>18,510,361,497</b>	<b>6,469,904,402</b>	<b>803,634,708</b>	<b>1,757,622,239</b>
<b>29,134,512,073</b>	<b>6,101,419,535</b>	<b>Total Equity and Liabilities</b>	<b>41,986,758,177</b>	<b>11,442,583,189</b>	<b>7,513,806,400</b>	<b>3,014,116,655</b>
<b>4.75</b>	<b>1.64</b>	<b>Net asset per share - Rs.</b>	<b>10.45</b>	<b>3.71</b>	<b>6.68</b>	<b>1.70</b>

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

## Income Statement

Audited year to 31.03.2011 Rs.		Unaudited 06 months to 30.09.2011 Rs.	Unaudited 06 months to 30.09.2010 Rs.	Change %	Unaudited 03 months to 30.09.2011 Rs.	Unaudited 03 months to 30.09.2010 Rs.
<b>CONSOLIDATED</b>						
10,788,466,990 (7,908,037,068)	Revenue Cost of Sales	9,913,032,775 (6,639,323,172)	3,821,987,747 (2,952,273,740)	159.37 124.89	5,516,891,714 (3,792,294,414)	2,147,053,662 (1,654,387,510)
<b>2,880,429,922</b>	<b>Gross Profit</b>	<b>3,273,709,603</b>	<b>869,714,007</b>	<b>276.41</b>	<b>1,724,597,300</b>	<b>492,666,152</b>
3,223,513	Dividend Income	38,681,086	1,221,314	3,067.17	30,178,559	166,400
669,038,971 (481,811,417)	Other Operating Income	573,165,188	311,107,503	84.23	378,602,854	188,123,855
(1,358,181,681)	Distribution Expenses	(363,580,963)	(127,244,820)	185.73	(206,876,856)	(77,252,677)
(857,054,582)	Administrative Expenses	(1,590,267,570)	(453,231,287)	250.87	(859,387,272)	(255,349,326)
	Finance Expenses	(853,050,371)	(280,968,023)	203.61	(438,561,505)	(160,629,072)
165,775,000	Change in Fair Value of Investment Property	-	-	-	-	-
25,399,350	Share of Results of Associates	14,677,840	28,669,895	(48.80)	(1,491,859)	14,937,819
<b>1,046,819,077</b>	<b>Profit Before Tax</b>	<b>1,093,334,814</b>	<b>349,268,589</b>	<b>213.04</b>	<b>627,061,221</b>	<b>202,663,151</b>
(76,009,554)	Tax Expense	(223,945,761)	(71,754,513)	212.10	(126,466,793)	(28,361,513)
<b>970,809,523</b>	<b>Profit for the Period</b>	<b>869,389,053</b>	<b>277,514,076</b>	<b>213.28</b>	<b>500,594,428</b>	<b>174,301,638</b>
	<b>Attributable to:</b>					
829,248,354	Equity Holders of the Parent	499,878,925	265,938,358	87.97	224,333,704	163,346,790
141,561,169	Minority Interest	369,510,128	11,575,719	3,092.11	276,260,724	10,954,848
<b>970,809,523</b>		<b>869,389,053</b>	<b>277,514,076</b>	<b>213.28</b>	<b>500,594,428</b>	<b>174,301,638</b>
<b>1.30</b>	<b>Earnings Per Share - Rs.</b>	<b>0.70</b>	<b>0.42</b>		<b>0.29</b>	<b>0.26</b>
<b>COMPANY</b>						
159,556,537 (77,315,815)	Revenue Cost of Sales	105,467,325 (44,683,676)	66,372,963 (34,578,057)	58.90 29.23	53,719,416 (15,689,052)	36,626,751 (18,631,973)
<b>82,240,722</b>	<b>Gross Profit</b>	<b>60,783,649</b>	<b>31,794,906</b>	<b>91.17</b>	<b>38,030,364</b>	<b>17,994,778</b>
151,065,019	Dividend Income	282,397,726	64,972,089	334.64	273,895,199	46,725,360
148,350,102 (108,843,591)	Other Operating Income	108,385,804	116,638,814	(7.08)	402,619	89,302,737
(190,154,560)	Administrative Expenses	(47,187,304)	(29,270,755)	61.21	(18,695,368)	(21,640,498)
	Finance Expenses	(150,168,203)	(66,852,832)	124.63	(43,540,876)	(37,565,988)
<b>82,657,692</b>	<b>Profit Before Tax</b>	<b>254,211,672</b>	<b>117,282,222</b>	<b>116.75</b>	<b>250,091,938</b>	<b>94,816,389</b>
(3,183,864)	Tax Expense	-	-	-	-	-
<b>79,473,828</b>	<b>Profit for the Period</b>	<b>254,211,672</b>	<b>117,282,222</b>	<b>116.75</b>	<b>250,091,938</b>	<b>94,816,389</b>

Figures in brackets indicate deductions.



## Cash Flow Statement

Consolidated Audited as at 31.03.2011 Rs.	Company Audited as at 31.03.2011 Rs.		Consolidated		Company	
			Unaudited as at 30.09.2011 Rs.	Unaudited as at 30.09.2010 Rs.	Unaudited as at 30.09.2011 Rs.	Unaudited as at 30.09.2010 Rs.
<b>1,046,819,076</b>	<b>82,657,692</b>	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>1,093,334,814</b>	<b>349,268,589</b>	<b>254,211,672</b>	<b>117,282,222</b>
		<b>Profit before tax</b>				
(33,453,474)	(1,874,006)	Adjustments for:	(619,073)	(6,392,795)	(618,236)	(1,247,076)
(3,223,513)	(151,065,019)	Interest income	(38,681,086)	(413,494)	(282,397,726)	(65,580,471)
857,054,582	190,154,560	Finance expenses	853,050,371	71,754,513	150,168,203	66,852,832
(165,775,000)	-	Change in fair value of investment property	-	47,334,377	-	-
(25,399,350)	-	Share of results of associates	(14,677,840)	(28,669,895)	-	-
26,474,511	4,587,743	Gratuity provision and related costs	26,697,456	5,939,182	2,637,456	4,159,571
16,085,775	-	Provision for bad debts	-	-	-	-
(9,157,852)	5,268,940	Changes in fair value of short term investments	(120,553,225)	(53,320,567)	(93,497,525)	-
285,138,561	39,362,189	Depreciation of property, plant and equipment (Profit) / loss on sale of property, plant and equipment	352,953,397	17,100,000	17,396,098	17,100,000
(15,678,051)	(1,763,224)	(Profit) / loss on sale of short term investments	(3,833,363)	-	(2,000,363)	-
(142,288,885)	(102,097,309)	Unrealised (gain)/loss on foreign exchange	(124,899,446)	(36,849,899)	(124,899,446)	(36,849,899)
-	(15,522,045)	Write back on loan rescheduled	-	(13,110,226)	-	(13,110,226)
(4,840,627)	(4,840,627)	Write back of other liabilities	-	-	-	-
(12,204,675)	-	Impairment of Investment in Associate	-	-	-	-
-	3,700,000	Amortisation of Intangible Assets	52,894,055	-	-	-
9,649,710	-	Provision for intercompany receivable balances	23,045,037	-	-	-
259,233	25,562,117	Amortisation of lease assets	6,264,344	-	-	-
<b>1,829,460,021</b>	<b>74,131,011</b>	<b>Profit before working capital changes</b>	<b>2,104,975,441</b>	<b>352,639,785</b>	<b>(78,999,867)</b>	<b>88,606,953</b>
(1,346,402,671)	-	(Increase) / decrease in inventories	(703,770,304)	(503,804,670)	-	-
(860,545,945)	66,353,447	(Increase) / decrease in receivable and prepayments	(1,779,300,209)	(672,241,155)	(8,304,983)	2,528,457
(5,053,038)	(67,748,592)	(Increase) / decrease in amount due from related parties	(7,561,678)	2,203,852	(164,268,410)	(20,253,253)
488,206,691	42,877,482	Increase / (decrease) in creditors and accruals	1,132,183,932	136,132,702	(35,760,078)	17,113,659
(1,764,861)	13,495,508	Increase / (decrease) in amount due to related parties	(302,963)	-	(250,606,862)	(37,307,193)
(1,280,498,320)	-	Increase / (decrease) in investments in lease and hire purchase	(1,995,895,251)	-	-	-
(250,026,403)	-	Increase / (decrease) in loans and advances	(1,000,620,492)	-	-	-
-	-	(Increase) / decrease in Reinsurance Receivable & Premium Receivable	(218,422,890)	-	-	-
-	-	Increase / (decrease) in Insurance Provision Non-Life & Reinsurance Creditors	479,061,659	-	-	-
-	-	Increase / (decrease) in Insurance Provision - Life & Provision for Life Solvency	2,464,270,931	-	-	-
-	-	(Increase) / decrease in Policy & Other Loans	(52,457,656)	-	-	-
553,405,693	-	Increase / (decrease) Public deposits	1,606,481,718	-	-	-
(2,243,519)	-	Increase / (decrease) Deferred income	(611,087)	-	-	-
<b>(875,462,352)</b>	<b>129,108,856</b>	<b>Cash Generated from Operations</b>	<b>2,028,031,151</b>	<b>(685,069,486)</b>	<b>(537,940,200)</b>	<b>50,688,623</b>
33,453,474	1,874,006	Interest received	619,073	6,392,795	618,236	1,247,076
(857,054,582)	(190,154,560)	Finance expenses paid	(853,050,371)	(71,754,513)	(150,168,203)	(66,852,832)
30,940,719	151,065,019	Dividend received	38,681,086	413,494	282,397,726	65,580,471
(243,385,604)	(4,750,468)	Tax paid	(143,413,643)	(650,341)	(539,080)	(6,370,884)
(4,509,460)	13,125	Gratuity (paid) / Transfer in	(81,011,615)	(183,625)	(115,750)	(183,625)
<b>(1,916,017,806)</b>	<b>87,155,978</b>	<b>Net cash flow from operating activities</b>	<b>989,855,681</b>	<b>(750,851,676)</b>	<b>(405,747,271)</b>	<b>44,108,829</b>
		<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>				
(244,553,378)	(4,268,863)	Purchase and construction of property, plant and equipment	(408,245,951)	(12,659,422)	(38,364,379)	(1,182,259)
(224,929)	-	Addition to intangible assets	283,919,580	-	-	-
(165,892,470)	-	Increase in other non current assets (Purchase) / disposal of short term investments (net)	(748,216,770)	-	-	-
(281,219,629)	(112,953,946)	Increase in interest in associate	(3,041,439,977)	178,026,289	185,143,019	66,897,812
(807,721,844)	(803,332,709)	Acquisition of subsidiaries (A)	(3,102,473,747)	(379,204,040)	(1,170,340,544)	(303,412,058)
(3,272,821,540)	(2,169,793,387)	Increase in interest in subsidiaries	(340,373,774)	(27,452,547)	(340,000)	-
(12,964,450)	(287,000,990)	Proceeds from sale of property, plant and equipment	5,750,925	-	2,008,925	-
65,308,630	1,791,714	<b>Net cash flow from / (used in) investing activities</b>	<b>(7,351,679,714)</b>	<b>(241,289,720)</b>	<b>(1,021,892,979)</b>	<b>(237,696,505)</b>
<b>(4,720,089,609)</b>	<b>(3,375,558,181)</b>					

## Cash Flow Statement

Consolidated Audited as at 31.03.2011 Rs.	Company Audited as at 31.03.2011 Rs.		Consolidated		Company	
			Unaudited as at 30.09.2011 Rs.	Unaudited as at 30.09.2010 Rs.	Unaudited as at 30.09.2011 Rs.	Unaudited as at 30.09.2010 Rs.
		<b>CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>				
(14,557,825)	-	Dividend paid to minority shareholders	(161,917,993)	-	-	-
74,464,279	-	Proceeds from minority on issue of rights in subsidiaries	1,207,059,653	-	-	-
2,171,652,312	311,810,383	Proceeds from long term borrowings	9,076,066,313	1,260,538,971	1,738,118,764	687,654,458
(1,594,348,130)	(287,615,629)	Repayment of long Term borrowings	(1,585,928,686)	(1,011,739,603)	(562,959,686)	(496,045,381)
5,399,140,824	3,497,288,333	Proceeds from / (repayment of) short term borrowings (net)	(5,969,554,750)	956,950,100	(3,602,219,836)	-
73,944,000	73,944,000	Proceeds from share issue	4,031,000,000	73,944,000	4,031,000,000	73,944,000
(924,742)	(919,242)	Direct cost on issue of shares	(131,922,143)	(919,242)	(131,922,142)	(919,242)
6,109,370,718	3,594,507,845	<b>Net cash flow from / (used in) financing activities</b>	6,464,802,394	1,278,774,226	1,472,017,100	264,633,835
<b>(526,736,697)</b>	<b>306,105,641</b>	<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>103,578,365</b>	<b>286,632,830</b>	<b>44,376,850</b>	<b>71,046,159</b>
(588,215,918)	(336,547,684)	<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING</b>	(1,114,952,615)	(766,530,050)	(30,442,043)	(457,345,703)
<b>(1,114,952,615)</b>	<b>(30,442,043)</b>	<b>CASH AND CASH EQUIVALENTS AT THE END</b>	<b>(1,011,374,253)</b>	<b>(479,897,220)</b>	<b>13,934,807</b>	<b>(386,299,544)</b>
		<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>				
279,647,867	5,743,212	<b>Favourable balances</b>				
		Cash in hand and at Bank	344,993,858	86,323,606	20,123,350	4,778,803
(1,394,600,482)	(36,185,255)	<b>Unfavourable balances</b>				
		Bank overdrafts	(1,356,368,108)	(566,220,826)	(6,188,542)	(391,078,347)
<b>(1,114,952,615)</b>	<b>(30,442,043)</b>	<b>Cash and cash equivalents</b>	<b>(1,011,374,250)</b>	<b>(479,897,220)</b>	<b>13,934,808</b>	<b>(386,299,544)</b>
	<b>A</b>	<b>Acquisition of subsidiary</b>				
		Property plant and equipment	95,392,009	37,135,773		
		Intangible assets	1,980,619,826	-		
		Other non current assets	52,349,119	1,546,581,791		
		Other investments	862,716,714	-		
		Inventories	3,959,928	25,480,783		
		Trade & other receivables	348,755,593	-		
		Loans and advances, Lease and hire purchase rental receivable	-	1,592,834,667		
		Short term investments	2,846,025,558	529,505,938		
		Cash and cash equivalents	56,755,912	(49,632,247)		
		Insurance Provisions	(2,385,129,627)	-		
		Bank overdraft	(11,134,893)	-		
		Employee benefit liabilities	(30,206,637)	-		
		Trade & other payables	(729,499,482)	(1,105,654,841)		
		Amounts Due to Related Companies	(1,506,877)	-		
		Short term borrowings, Public deposits & Interest bearing borrowings	-	(2,145,812,853)		
		<b>Total net assets</b>	<b>3,089,097,144</b>	<b>430,439,011</b>		
		Net assets acquired	1,435,533,652	278,972,092		
		Minority cost holdings of investment	1,058,748,476	-		
		Goodwill	663,812,638	149,864,195		
		Cash consideration paid on acquisition of subsidiary	3,148,094,766	428,836,287		
		Cash and cash equivalent acquired	(45,621,019)	(49,632,247)		
		<b>Net cash outflow on acquisition of subsidiary</b>	<b>3,102,473,747</b>	<b>379,204,040</b>		

## Segment Analysis of Revenue and Profit

	Information Technology		Leisure		Retail		Auto Mobiles		Financial Services		Healthcare Services		Others		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
<b>For the six months ended 30 September</b>																
Revenue	3,405,298,367	2,530,604,866	26,686,173	-	2,178,329,566	1,008,745,991	5,777,26,924	149,935,509	832,720,994	67,345,207	2,891,804,850	-	465,900	65,356,674	9,913,032,774	3,821,987,747
Operating Profit	430,513,335	311,857,716	(21,153,344)	-	328,034,730	145,252,908	62,556,317	26,199,821	329,795,506	39,269,034	750,911,240	-	51,051,560	80,987,778	1,931,707,344	601,566,716
Profit Before Taxation	269,808,823	145,131,756	(20,159,194)	-	220,173,263	120,588,307	50,116,259	21,538,124	283,118,444	26,871,538	397,484,450	-	(107,207,232)	35,143,844	1,093,334,813	349,268,589
Taxation	(50,147,266)	(36,914,106)	-	-	(40,197,251)	(23,131,545)	(9,881,534)	(7,538,343)	(33,755,195)	(3,990,840)	(56,485,670)	-	(33,478,845)	(179,679)	(223,945,761)	(71,754,513)
Profit After Taxation	219,661,557	108,217,650	(20,159,194)	-	179,976,013	97,457,762	40,234,725	13,999,781	249,363,249	22,880,718	340,998,780	-	(140,686,077)	34,984,165	869,389,052	277,514,076

	Information Technology		Leisure		Retail		Auto Mobiles		Financial Services		Healthcare Services		Others		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
<b>For the quarter ended 30 September</b>																
Revenue	1,895,053,211	1,294,487,257	7,931,933	-	1,255,144,335	592,495,723	313,689,456	127,368,801	533,585,077	67,345,207	1,511,021,802	-	465,900	65,356,674	5,516,891,714	2,147,053,662
Operating Profit	223,178,795	156,035,081	(14,885,814)	-	169,820,797	85,667,637	22,327,728	25,423,416	302,320,911	39,269,034	409,417,558	-	(45,065,390)	41,959,176	1,067,114,585	348,354,403
Profit Before Taxation	152,819,316	45,413,782	(13,789,035)	-	104,255,964	83,664,932	12,293,467	21,310,773	251,838,401	26,871,538	239,676,924	-	(120,033,816)	25,402,086	627,061,221	202,663,151
Taxation	(19,398,548)	(3,046,106)	-	-	(23,468,303)	(13,688,270)	(3,008,174)	(7,486,618)	(19,855,823)	(3,990,840)	(27,977,165)	-	(32,758,780)	(179,679)	(126,466,793)	(28,361,513)
Profit After Taxation	133,420,768	42,367,676	(13,789,035)	-	80,787,662	70,006,662	9,285,293	13,824,155	231,982,578	22,880,718	211,699,759	-	(152,792,596)	25,222,407	500,594,428	174,301,638

# Statement of Changes in Equity

## CONSOLIDATED

In Rs.	Attributable to Equity Holders of Parent							Total Equity
	Stated Capital	Revaluation Reserve	Exchange Translation Reserves	Statutory Reserves Fund	Accumulated Profit	Total	Minority Interest	
<b>Balance as at 01 April 2011</b>	<b>1,058,000,000</b>	<b>737,845,882</b>	<b>(56,359,656)</b>	<b>3,414,497</b>	<b>1,298,686,340</b>	<b>3,041,587,063</b>	<b>4,003,432,769</b>	<b>7,045,019,832</b>
Issue of shares	4,031,000,000	-	-	-	-	4,031,000,000	-	4,031,000,000
Direct cost on Share Issue	-	-	-	-	(131,922,143)	(131,922,143)	-	(131,922,143)
Net gain / (loss) recognised directly in equity	-	-	-	-	-	-	-	-
- Acquisitions, disposals and changes in holding	-	-	-	-	-	-	778,557,819	778,557,819
Transfer to Reserve Fund	-	-	-	3,401,922	(3,401,922)	-	-	-
Subsidiary dividend to minority shareholders	-	-	-	-	39,030,762	39,030,762	(161,917,993)	(122,887,231)
Currency Translation Difference	-	-	16,442,354	-	-	16,442,354	-	16,442,354
Profit for the period	-	-	-	-	499,878,925	499,878,925	369,510,128	869,389,053
<b>Balance as at 30 September 2011</b>	<b>5,089,000,000</b>	<b>737,845,882</b>	<b>(39,917,302)</b>	<b>6,816,419</b>	<b>1,702,271,962</b>	<b>7,496,016,961</b>	<b>4,989,582,723</b>	<b>12,485,599,684</b>
<b>For the period ended 30 September 2010</b>								
<b>Balance as at 01 April 2010</b>	<b>984,056,000</b>	<b>628,105,194</b>	<b>(37,180,342)</b>	-	<b>464,472,033</b>	<b>2,039,452,885</b>	<b>4,353,194</b>	<b>2,043,806,079</b>
Issue of shares	73,944,000	-	-	-	-	73,944,000	-	73,944,000
Direct Cost on Share Issue	-	-	-	-	(919,242)	(919,242)	-	(919,242)
Net gain / (loss) recognised directly in equity	-	-	-	-	-	-	279,015,758	279,015,758
- Acquisitions, disposals and changes in holding	-	-	(2759,645)	-	-	(2,759,645)	-	(2,759,645)
Currency Translation Difference	-	-	-	-	265,938,358	265,938,358	11,575,719	277,514,076
Profit for the period	-	-	-	-	-	-	-	-
<b>Balance as at 30 September 2010</b>	<b>1,058,000,000</b>	<b>628,105,194</b>	<b>(39,939,987)</b>	-	<b>729,491,149</b>	<b>2,375,656,356</b>	<b>294,944,670</b>	<b>2,670,601,026</b>

# Statement of Changes in Equity

## COMPANY

In Rs.	Stated Capital	Accumulated Profit	Total Equity
<b>Balance as at 01 April 2011</b>	<b>1,058,000,000</b>	<b>(10,769,879)</b>	<b>1,047,230,121</b>
Issue of shares	4,031,000,000	-	4,031,000,000
Direct cost on Share Issue	-	(131,922,142)	(131,922,142)
Profit for the period	-	254,211,672	254,211,672
<b>Balance as at 30 September 2011</b>	<b>5,089,000,000</b>	<b>111,519,651</b>	<b>5,200,519,651</b>
<b>For the period ended 30 September 2010</b>			
<b>Balance as at 01 April 2010</b>	<b>984,056,000</b>	<b>(89,324,465)</b>	<b>894,731,535</b>
Issue of shares	73,944,000	-	73,944,000
Direct cost on Share Issue	-	(919,242)	(919,242)
Profit for the period	-	117,282,222	117,282,222
<b>Balance as at 30 September 2010</b>	<b>1,058,000,000</b>	<b>27,038,515</b>	<b>1,085,038,515</b>

## Notes to the Financial Statements

### 1. CORPORATE INFORMATION

Softlogic Holdings PLC, 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 6 months ended 30 September 2011 were authorised for issue by the Board of directors on 09 November 2011.

### 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 accounting policies adopted in these financial statements are consistent with the accounting policies set out in the Annual Report of the previous year. 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 September 2011 was 31.54%

#### 3.2 Directors' Share Holdings

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

As at	30-09-2011	31-03-2011
A.K. Pathirage - Chairman/ Managing Director	<b>338,088,700</b>	321,500,000
H.U. Gunawardena	<b>57,469,300</b>	57,000,000
R.J. Perera	<b>60,636,700</b>	58,390,000
H. Kaimal	<b>64,870,800</b>	64,500,000
R. Rasool	<b>361,600</b>	-
S. Rajapaksha	<b>5,477,600</b>	-
Dr S. Selliah	<b>2,000,000</b>	2,000,000
Deshamanya P.D. Rodrigo	-	-
W.M.P.L. De Alwis	-	-
<b>Total</b>	<b>528,904,700</b>	503,390,000

### 3.3 Twenty Largest Shareholders of the Company are as follows:

As at		30-09-2011		31-03-2011	
		Number of shares	%	Number of shares	%
1	Mr. A.K. Pathirage	338,088,700	43.40%	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	60,836,700	7.81%	58,390,000	9.12%
4	Mr. G.W.D.H.U. Gunawardena	57,469,300	7.38%	57,000,000	8.91%
5	Mr Mohideen Rifky Badurdeen	15,755,900	2.02%	-	-
6	Dr K.P. Karunarathne	11,381,400	1.46%	3,000,000	0.47%
7	HSBC INTL NOM LTD - SNFE-NTASIAN Discovery Master Fund	9,900,400	1.27%	-	-
8	Mr. K.P.R.B. De Silva	9,275,000	1.19%	10,000,000	1.56%
9	Pemberton Asian Opportunities Fund	6,000,000	0.77%	-	-
10	Mr. S.A.B. Rajapaksha	5,477,600	0.70%	-	-
11	Mrs. A. Selliah	4,236,000	0.54%	4,000,000	0.63%
12	Bartleet Financial Services Ltd	3,886,000	0.50%	-	-
13	Arunodaya Investment (Pvt) Ltd	3,786,000	0.49%	3,500,000	0.55%
14	Arunodaya Industries (Pvt) Ltd	3,693,200	0.47%	3,500,000	0.55%
15	Arunodaya (Pvt) Ltd	3,786,000	0.49%	3,500,000	0.55%
16	Miss S. Subramaniam	3,736,000	0.48%	3,500,000	0.55%
17	Mr V. Kailasapillai	3,736,000	0.48%	3,500,000	0.55%
18	Mrs A. Kailasapillai	3,736,000	0.48%	3,500,000	0.55%
19	Union Assurance PLC/No 01A/C	3,693,200	0.47%	-	-
20	Sampath Bank Limited A/C No 01	3,594,000	0.46%	-	-

### 3.4 Stated Capital

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

As at	30-09-2011	31-03-2011	30-09-2010
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 September 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 September 2011	5,089,000,000

## Notes to the Financial Statements

### 5. INVESTOR INFORMATION

	30-09-2011	30-09-2010
<b>5.1 Market Value of Shares</b>		
The market value of an ordinary share of Softlogic Holdings PLC was as follows		
Closing price on	<b>22.10</b>	N/A
Highest price recorded for the three months ending	<b>28.00</b>	N/A
Lowest price recorded for the three months ending	<b>16.20</b>	N/A
Market Capitalisation (Rs. Mn)	<b>12,619.80</b>	N/A
<b>5.2 Ratios</b>		
Net assets per share at the period end	<b>10.45</b>	3.71
<b>5.3 Share Trading information from 01 July, 2011 to September 30, 2011</b>		
Number of shares traded	<b>136,172,900</b>	N/A
Value of shares traded (Rs.)	<b>3,205,496,130</b>	N/A

### 6. 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.

### 7. POST BALANCE SHEET EVENTS

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

#### 7.1 Softlogic Capital Limited, which is a subsidiary of Softlogic Holdings PLC acquired 9,398,191 shares of Asian Alliance Insurance PLC at the mandatory offer.

Subsequent to the mandatory offer ,the share holding of Asian Alliance Insurance PLC is as follows

	%
Softlogic Capital Limited	76.06
Softlogic Holdings PLC	18.53

#### 7.2 The board of directors of the company has declared a interim dividend of Rs.0.13 per share for the financial year 2011/12. As required by section 56 (2) of the Companies Act no 07 of 2007, the board of directors has confirmed that the company satisfies the solvency test in accordance with section 57 of the Companies Act No.07 of 2007.



# Corporate Information

## Name of Company

Softlogic Holdings PLC

## Legal Form

Public Limited Liability Company  
Incorporated in Sri Lanka on 25th February 1998 as a Private Limited Liability Company under the Companies Act No. 17 of 1982 Re-registered on 10th 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/PQ

## Registered Office of the Company

14, De Fonseka Place,  
Colombo 05,  
Sri Lanka.

## Contact Details

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Tel : +94 11 5575 000  
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E-mail : [info@softlogic.lk](mailto:info@softlogic.lk)  
Web : [www.softlogic.lk](http://www.softlogic.lk)

## Directors

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

## Senior Independent Director

Deshamanya P D Rodrigo

## Audit Committee

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

## Remuneration Committee

Deshamanya P.D. Rodrigo  
W.M.P.L. De Alwis

## Secretaries and Registrars

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

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## Bankers

Sampath Bank PLC  
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

## Auditors

Ernst & Young  
Chartered Accountants  
201, De Saram Place,  
Colombo 10.





