



Interim Financial Statements
Nine Months ended 31 December 2011

A journey begins



Contents

Chairman's Statement	01
Balance Sheet	04
Income Statement	06
Cash Flow Statement	07
Segment Analysis of Revenue and Profit	09
Statement of Changes in Equity	10
Notes to the Financial Statements	12
Corporate Information	15
Notes	16

Chairman's Statement

Dear Stakeholder,

The results for the third quarter and the first nine months of the financial year are presented to you amidst a growing economy that has been struggling with market complexities. I am happy to state that your Company and the Group posted positive results against this backdrop and the long term strategic investments made by the Group over the past few years are well positioned to contribute towards better results in the future.

The Group turnover for the first nine months ending 31 December 2011 was Rs. 16.04 Bn, an increase of 138% when compared to the Rs. 6.74 Bn recorded in the corresponding period of the previous year driven primarily by the consolidation of the Asiri Group of Hospitals which became a subsidiary of the Softlogic Group in December 2010. The comparative figure for the nine months when excluding Asiri Group is Rs. 11.50 Bn, which is a 70% increase while Asian Alliance Insurance contributed four months of revenue.

The Group Profit Before Tax (PBT) for the first nine months was Rs.1.44 Bn, an increase of 74% when compared to the Rs. 826 Mn reported in the first nine months of 2010/11. The Profit After Tax (PAT) for the Group for the first nine months was Rs. 1.00 Bn as compared to Rs. 663 Mn for the same period in the previous year, indicating an increase of 53%.

Whilst the results for the first nine months are on the positive trend, the third quarter results are below our expectations stemming from the finance cost of holding Asian Alliance Insurance PLC (AAI) and the one-time cost associated with the restructuring of the investment portfolio

of AAI as explained later under the financial services sector review. However, since the acquisition, AAI has performed remarkably well operationally with both the life and the non-life segments having profits before investment income. These are positive indications that the medium term synergies are already contributing to the growth of the Company. The rest of the sectors have performed above expectations contributing positively to the third quarter results of the Group.

The Group recorded a turnover of Rs. 6.12 Bn for the third quarter of 2011/12, a 110% increase when compared to Rs. 2.92 Bn for the corresponding period in 2010/11. However, due to the above mentioned circumstances, the third quarter PBT was Rs. 345 Mn as compared to the Rs. 477 Mn recorded in the corresponding period of the previous year and the third quarter PAT was Rs. 133 Mn, when compared to the Rs. 385 Mn recorded in the corresponding period of the previous year.

The Information and Communication Technology sector of the Group recorded a PBT of Rs. 399 Mn for the first nine months, an increase of 95% when compared to the PBT of Rs. 204 Mn recorded in the corresponding period of the previous year. The PBT recorded for the third quarter of 2011/12 was Rs. 129 Mn when compared to the PBT of Rs. 59 Mn recorded in the third quarter of 2010/11 which is an increase of 119%. The IT sub sector contributed towards the positive performance with new tenders and projects while the telecommunications business maintained its market leadership position in Sri Lanka.

The Healthcare sector of the Group continued to perform exceptionally well with the Asiri Group

Chairman's Statement

recording a PBT of Rs. 640 Mn for the first nine months of 2011/12. The Sector recorded PBT of Rs. 243 Mn for the third quarter of this financial year. Asiri surgical, had another "first" added to its services when it launched the country's first PET/CT (Positron Emission Tomography/Computed Tomography) medical imaging scanner. Asiri Group that gives its patients the best care available is now able to provide this advanced imaging tool that provides most accurate diagnosis for the treatment and management of cancers, neurological disorders, cardiac applications, etc.

Softlogic Group's Retail sector continued to see steady growth with a total of 112 stores being opened by the end of the third quarter. This wider reach out to the consumers in many parts of the island has enabled the rural folk to access a world reputed range of Consumer Electronics and Home Appliances. The Retail sector posted a PBT of Rs. 380 Mn in the first nine months of the year, being an increase of 68% when compared to the PBT of Rs. 226 Mn recorded in the corresponding period of 2010/11. The third quarter recorded a PBT of Rs. 160 Mn, an increase of 52% when compared to the PBT of Rs. 105 Mn recorded in the corresponding period of the previous year. The third quarter results are a reflection of the seasonal sales aided by the expansion of the retail stores combined with the expansion of the international brands during the financial year. As mentioned previously, the Mango store was opened in Colombo in the month of December.

The Financial Services sector comprising of Leasing, Finance and Insurance recorded a PBT of Rs. 82 Mn for the first nine months of the year, an increase of 22% when compared to the Rs. 67 Mn recorded in the corresponding period

of 2010/11. PBT recorded for the third quarter was a loss of Rs. 201 Mn when compared to the PBT of Rs. 41 Mn recorded in the third quarter of 2010/11.

As mentioned earlier in the message, The PBT of the sector was adversely affected by the acquisition of Asian Alliance Insurance PLC (AAI). The finance cost associated with the investment of AAI by Softlogic Capital overshadowed the positive performance of the Finance and Leasing arm of the sector. However, the negative impact is expected to be a concern only in the short term due to the proposed plan to raise new capital for Softlogic Capital.

AAI also was not able to consolidate the full profits from the life fund as the acquisition was in made in August. In a strategic move, AAI also restructured its investment portfolio by replacing the underperforming shares with predominantly blue chip investments, especially in regards to the general fund. The general fund has seen losses due to its investment income and corrective action taken by us by selling some of its underperforming investments in the bear market for a loss of Rs. 248 Mn, should bode well for the Insurance Company in the future. .

As I had mentioned in my previous message, the acquisition of AAI complements the financial services strategy of the Group through a number of synergies and some services are already being offered with existing products and services of the Softlogic Group. A medical insurance scheme named "Asiri Alliance Medical" has already been launched in collaboration with the Asiri Group of Hospitals. 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.

The third quarter saw the Automobile sector of Softlogic introducing yet another brand of SUVs - The JONWAY A380 - to its already existing international product line. The automobile sector achieved a PBT of Rs. 98 Mn for the first nine months of 2011/12, being a growth 227% when compared to the PBT of Rs. 30 Mn recorded in the corresponding period of the previous year. The third quarter PBT was Rs. 48 Mn when compared to Rs. 8 Mn recorded in the corresponding period in 2010/11.

The Leisure sector, as expected is going through its construction and refurbishment programs of the Movenpick City Hotel in Colombo and the Ceysands Hotel in Bentota respectively. Your Group has also entered into a shareholders' agreement with the shareholders of Ominga International (Private) Limited for the construction of a luxury resort with 40 rooms and 20 luxury villas in Pasikudah.

Softlogic shall own 66.66% of Ominga for which Softlogic will invest Rs. 200 Mn.

As mentioned earlier, the third quarter results are below expectations and are not indicative of the potential of your Company and the Group. The full year effect of our expansion plans especially in the retail sector and the acquisition of AAI will be reflected in our results for next year. These combined with the long term strategic initiatives that are being considered or are being implemented will give you, our stakeholders better results in our journey in diversified businesses.



Ashok Pathirage
Chairman

13 February 2012

Balance Sheet

Consolidated Audited as at 31.03.2011 Rs.	Company Audited as at 31.03.2011 Rs.		Consolidated		Company	
			Unaudited as at 31.12.2011 Rs.	Audited as at 31.12.2010 Rs.	Unaudited as at 31.12.2011 Rs.	Audited as at 31.12.2010 Rs.
		ASSETS				
		Non-Current Assets				
10,274,534,256	73,555,666	Property, Plant and Equipment	10,976,926,594	1,035,913,472	97,203,971	72,253,068
91,422,977	-	Leasehold Property	90,645,275	-	-	-
2,420,284,222	125,700,000	Investment Property	1,864,238,730	721,050,000	125,700,000	125,700,000
4,710,820,895	-	Intangible Assets	7,806,409,506	964,082,428	-	-
		Investments in Subsidiaries and Joint Ventures	-	-	6,191,971,908	943,844,720
61,113,267	12,449,800	Investments in Associates	57,123,522	2,701,886,765	9,750,000	1,931,352,084
245,561,360	242,044,175	Other Non-Current Assets	480,965,790	450,025,563	-	104,495,000
		Rental Receivable on Lease Assets and Hire Purchase	3,783,660,221	1,658,302,451	-	-
2,095,891,164	-	Policy Loans & Other Loans	59,715,255	-	-	-
-	-	Amounts Due from Related Parties	-	-	237,044,175	237,044,175
369,342,491	-	Deferred Tax Assets	387,624,655	47,158,453	-	-
20,268,970,634	5,472,405,388		25,507,309,548	7,578,419,132	6,661,370,054	3,414,689,047
		Current Assets				
2,551,363,907	-	Inventories	3,320,725,789	1,814,004,280	-	-
2,878,985,826	70,715,722	Trade and Other Receivables	4,584,540,175	2,412,115,678	67,065,117	119,565,171
984,533,733	-	Loans and Advances	2,123,075,966	792,448,093	-	-
		Rental Receivable on Lease Assets and Hire Purchase	2,009,551,000	1,211,056,135	-	-
1,336,610,451	-	Reinsurance Receivable	70,124,223	-	-	-
-	-	Premium Receivable	188,395,796	-	-	-
261,598	278,145,009	Amounts Due from Related Parties	6,275,176	58,176,368	1,001,342,679	311,592,492
730,742,362	271,725,154	Short Term Investments	4,685,172,460	642,020,108	226,318,076	181,699,732
103,395,695	2,685,050	Income Tax Refunds	14,594	4,492,538	-	2,220,178
279,647,867	5,743,212	Cash in Hand and at Bank	463,217,734	215,253,475	9,712,618	14,835,148
8,865,541,439	629,014,147		17,451,092,913	7,149,566,675	1,304,438,490	629,912,721
29,134,512,073	6,101,419,535	Total Assets	42,958,402,461	14,727,985,807	7,965,808,544	4,044,601,768
		EQUITY AND LIABILITIES				
		Equity Attributable to Equity Holders of the Parent				
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	702,530,473	671,948,318	-	-
1,298,686,340	(10,769,879)	Revenue Reserves	1,666,090,911	1,091,558,040	11,192,993	12,090,892
3,041,587,063	1,047,230,121	Shareholders' Funds	7,457,621,384	2,821,506,358	5,100,192,993	1,070,090,892
4,003,432,769	-	Minority Interest	4,102,855,253	416,620,299	-	-
7,045,019,832	1,047,230,121	Total Equity	11,560,476,637	3,238,126,657	5,100,192,993	1,070,090,892

Consolidated Audited as at 31.03.2011 Rs.	Company Audited as at 31.03.2011 Rs.		Consolidated		Company	
			Unaudited as at 31.12.2011 Rs.	Audited as at 31.12.2010 Rs.	Unaudited as at 31.12.2011 Rs.	Audited as at 31.12.2010 Rs.
		Non-Current Liabilities				
3,488,911,802	400,723,284	Interest Bearing Borrowings	7,679,593,206	1,293,601,797	1,422,475,280	418,672,188
205,057,922	-	Public Deposits	397,140,502	102,114,836	-	-
-	-	Insurance Provisions - Life	2,322,283,032	-	-	-
-	-	Provision for Life Solvency	100,000,000	-	-	-
173,917,139	-	Deferred Tax Liabilities	228,740,801	77,027,533	-	-
252,462,657	11,599,896	Employee Benefit Liabilities	325,777,615	78,469,684	15,440,390	11,182,099
2,242,069	-	Deferred Income	1,513,853	2,802,950	-	-
4,122,591,589	412,323,180		11,055,049,009	1,554,016,800	1,437,915,670	429,854,287
		Current Liabilities				
1,938,594,985	67,623,996	Trade and Other Payables	2,133,499,827	1,244,633,333	35,569,557	42,080,289
4,049,610	704,590,689	Amounts Due to Related Parties	16,329,259	3,201,092	332,855,907	467,541,427
195,792,771	-	Income Tax Liabilities	293,236,494	87,814,647	-	-
10,158,365,017	3,690,744,882	Short Term Borrowings	5,149,139,004	4,886,546,784	-	1,882,096,507
		Current Portion of Interest				
		Bearing Borrowings				
2,895,717,810	142,721,412	Bearing Borrowings	7,218,953,203	2,138,549,928	1,039,119,206	144,405,781
-	-	Insurance Provisions - Non-Life	368,399,127	-	-	-
-	-	Reinsurance Creditors	126,154,745	-	-	-
1,379,779,977	-	Public Deposits	3,338,519,277	1,080,572,075	-	-
1,394,600,482	36,185,255	Bank Overdrafts	1,698,645,879	494,524,491	20,155,211	8,532,585
17,966,900,652	4,641,866,234		20,342,876,815	9,935,842,350	1,427,699,881	2,544,656,589
29,134,512,073	6,101,419,535	Total Equity and Liabilities	42,958,402,461	14,727,985,807	7,965,808,544	4,044,601,768
4.75	1.64	Net asset per share - Rs.	10.03	4.41	6.55	1.67

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 09 months to 31.12.2011 Rs.	Audited 09 months to 31.12.2010 Rs.	Change %	Unaudited 03 months to 31.12.2011 Rs.	Unaudited 03 months to 31.12.2010 Rs.
CONSOLIDATED						
10,788,466,990	Revenue	16,035,955,571	6,741,339,422	137.87	6,122,922,796	2,919,351,675
(7,908,037,068)	Cost of Sales	(10,590,843,455)	(5,222,336,733)	102.80	(3,951,520,283)	(2,270,062,993)
2,880,429,922	Gross Profit	5,445,112,116	1,519,002,689	258.47	2,171,402,513	649,288,682
3,223,513	Dividend Income	50,851,596	677,622	7,404.42	12,170,510	(543,692)
669,038,971	Other Operating Income	505,295,056	518,000,405	(2.45)	(67,870,132)	206,892,902
(481,811,416)	Distribution Expenses	(580,445,556)	(275,316,186)	110.83	(216,864,593)	(148,071,366)
(1,358,181,681)	Administrative Expenses	(2,658,902,222)	(719,343,485)	269.63	(1,068,634,653)	(266,112,198)
(857,054,582)	Finance Expenses	(1,337,821,570)	(462,407,195)	189.32	(484,771,199)	(181,439,172)
	Change in Fair Value of					
165,775,000	Investment Property	-	165,775,000	-	-	165,775,000
25,399,350	Share of Results of Associates	14,677,840	80,102,929	(81.68)	-	51,433,034
1,046,819,077	Profit Before Tax	1,438,767,260	826,491,779	74.08	345,432,446	477,223,190
(76,009,554)	Tax Expense	(436,260,870)	(163,436,853)	166.93	(212,315,108)	(91,682,340)
970,809,523	Profit for the Period	1,002,506,390	663,054,926	51.20	133,117,338	385,540,850
	Attributable to:					
829,248,354	Equity Holders of the Parent	567,737,475	629,848,889	(9.86)	67,858,551	363,910,531
141,561,169	Minority Interest	434,768,915	33,206,037	1,209.31	65,258,787	21,630,318
970,809,523		1,002,506,390	663,054,926	51.20	133,117,338	385,540,850
1.30	Earnings Per Share - Rs.	0.76	0.98		0.09	0.57
COMPANY						
159,556,537	Revenue	156,517,517	112,552,575	39.06	51,050,192	46,179,612
(77,315,815)	Cost of Sales	(63,694,204)	(55,650,930)	14.45	(19,010,528)	(21,072,873)
82,240,722	Gross Profit	92,823,313	56,901,645	63.13	32,039,664	25,106,739
151,065,019	Dividend Income	368,312,457	65,541,154	461.96	85,914,731	569,065
148,350,102	Other Operating Income	89,289,087	147,397,645	(39.42)	(19,096,717)	30,758,831
(108,843,591)	Administrative Expenses	(81,332,105)	(47,846,036)	69.99	(34,144,801)	(18,575,281)
	Write Back / (Off) of					
-	Intercompany Balances	-	(7,198,692)	(100.00)	-	(7,198,692)
(190,154,560)	Finance Expenses	(213,950,238)	(112,097,714)	90.86	(63,782,035)	(45,244,882)
82,657,692	Profit Before Tax	255,142,514	102,698,002	148.44	930,842	(14,584,220)
(3,183,864)	Tax Expense	-	(363,403)	-	-	(363,403)
79,473,828	Profit for the Period	255,142,514	102,334,599	149.32	930,842	(14,947,623)

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 31.12.2011 Rs.	Audited as at 31.12.2010 Rs.	Unaudited as at 31.12.2011 Rs.	Audited as at 31.12.2010 Rs.
1,046,819,076	82,657,692	CASH FLOWS FROM OPERATING ACTIVITIES	1,438,767,260	826,491,779	255,142,514	102,698,002
		Profit before tax				
(33,453,474)	(1,874,006)	Adjustments for:				
(3,223,513)	(151,065,019)	Interest income	(12,482,779)	(15,040,732)	(5,271,620)	(1,573,771)
857,054,582	190,154,560	Dividend income	(50,851,596)	(677,622)	(368,312,457)	(65,541,154)
(165,775,000)	-	Finance expenses	1,337,821,570	475,220,038	217,664,451	119,638,592
(25,399,350)	-	Change in fair value of investment property	-	(165,775,000)	-	-
26,474,510	4,587,743	Share of results of associates	(14,677,840)	(80,102,929)	-	-
16,085,775	-	Gratuity provision and related costs	84,571,056	16,078,763	3,956,244	3,669,946
(9,157,852)	5,268,940	Provision for bad debts	-	-	-	979,453
285,138,561	39,362,189	Changes in fair value of short term investments	311,433,609	(4,595,958)	61,882,575	(2,343,367)
(15,678,051)	(1,763,224)	Depreciation of property, plant and equipment	590,540,501	88,543,460	26,468,335	26,583,091
(142,357,751)	(102,097,309)	(Profit) / loss on sale of property, plant and equipment	(20,122,754)	(4,046,409)	(6,325,363)	(6)
-	(15,522,045)	(Profit) / loss on sale of short term investments	(65,073,891)	(108,574,625)	(124,899,446)	(99,678,962)
(4,840,627)	(4,840,627)	Unrealised (gain)/loss on foreign exchange	-	(13,459,225)	-	(13,459,225)
(12,204,695)	-	Write back on loan rescheduled	-	(18,320,835)	-	(4,840,627)
-	-	Write back of other liabilities	-	-	-	-
-	3,700,000	Write back of the Intercompany Balances	-	-	-	7,198,692
9,649,710	-	Impairment of Investment in Associate	-	-	-	-
-	25,562,117	Amortisation of Intangible assets	66,429,670	3,708,538	-	-
-	-	Provision for intercompany receivable balances	23,045,037	-	-	-
-	-	Amortisation of Deferred Income	(728,216)	(1,682,638)	-	-
259,233	-	Fair Value adjustment on Business Combination	-	(7,713,464)	-	-
-	-	Amortisation of lease assets	9,396,516	-	-	-
1,829,460,021	74,131,011	Profit before working capital changes	3,698,068,143	990,053,141	60,305,233	73,330,670
(1,346,402,671)	-	(Increase) / decrease in inventories	(769,361,883)	(906,190,517)	-	-
(860,545,945)	66,353,447	(Increase) / decrease in receivable and prepayments	(1,705,554,350)	(786,652,719)	7,618,215	16,524,546
(5,053,038)	(67,748,592)	(Increase) / decrease in amount due from related parties	(6,013,578)	(17,188,187)	(723,197,670)	(84,895,471)
488,206,691	42,877,482	Increase / (decrease) in creditors and accruals	194,904,845	412,920,632	(32,304,442)	(223,553,754)
(1,764,861)	13,495,508	Increase / (decrease) in amount due to related parties	(10,765,388)	(2,613,379)	(371,734,782)	17,333,775
(1,280,498,320)	-	Increase / (decrease) in investments in lease and hire purchase	(2,360,709,605)	(713,771,900)	-	-
(250,026,403)	-	Increase / (decrease) in loans and advances	(1,138,542,233)	(97,944,918)	-	-
-	-	(Increase) / decrease in Reinsurance Receivable & Premium Receivable	(258,520,020)	-	-	-
-	-	Increase / (decrease) in Insurance Provision	-	-	-	-
-	-	Non-Life & Reinsurance Creditors	494,553,872	-	-	-
-	-	Increase / (decrease) in Insurance Provision - Life & Provision for Life Solvency	2,422,283,032	-	-	-
-	-	(Increase) / decrease in Policy & Other Loans	(59,715,255)	-	-	-
553,405,693	-	Increase / (decrease) Public deposits	2,150,821,880	151,254,705	-	-
(2,243,519)	-	Increase / (decrease) Deferred income	(728,216)	-	-	-
(875,531,218)	129,108,856	Cash Generated from Operations	2,650,721,244	(970,133,142)	(1,059,313,446)	(201,260,234)
33,453,474	1,874,006	Interest received	12,482,779	15,040,732	5,271,620	1,573,771
(857,054,582)	(190,154,560)	Finance expenses paid	(1,337,821,570)	(462,407,195)	(209,860,692)	(112,097,714)
30,940,719	151,065,019	Dividend received	50,851,596	29,844,382	368,312,457	65,541,154
(243,385,604)	(4,750,468)	Tax paid	(198,894,545)	(71,194,118)	(1,113,436)	(1,465,156)
(4,509,460)	13,125	Gratuity (paid) / Transfer in	(11,256,098)	(1,861,270)	(115,750)	513,125
(1,916,086,671)	87,155,977	Net cash flow from / (used in) operating activities	1,166,083,406	(1,460,710,610)	(896,819,247)	(247,195,054)
		CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES				
(244,553,378)	(4,268,863)	Purchase and construction of property, plant and equipment	(749,783,893)	(30,722,660)	(50,159,235)	(3,658,676)
(224,929)	-	Addition to intangible assets	1,350,537,556	(609,910)	-	-
(165,892,470)	-	Increase in other non current assets (Purchase) / disposal of short term investments (net)	(235,404,430)	-	-	-
(281,219,629)	(112,953,946)	Increase in interest in associate	(4,200,789,816)	(653,402,560)	114,473,785	(116,545,204)
(807,721,844)	(803,332,709)	Acquisition of subsidiaries	(1,337,821,570)	(462,407,195)	2,699,800	(803,332,709)
(3,272,821,540)	(2,169,793,387)	Increase in interest in subsidiaries	(3,102,473,747)	(277,750,999)	(1,173,016,160)	(297,869,995)
(12,964,450)	(287,000,990)	Proceeds from sale of property, plant and equipment	(1,808,495,812)	(10,976,871)	-	-
65,308,630	1,791,714		33,797,002	6,984,594	6,333,928	-
(4,720,089,610)	(3,375,558,181)	Net cash used in investing activities	(8,712,613,140)	(1,779,501,722)	(1,099,667,882)	(1,221,406,584)

Cash Flow Statement

Consolidated Audited as at 31.03.2011 Rs.	Company Audited as at 31.03.2011 Rs.		Consolidated		Company	
			Unaudited as at 31.12.2011 Rs.	Unaudited as at 31.12.2010 Rs.	Unaudited as at 31.12.2011 Rs.	Unaudited as at 31.12.2010 Rs.
		CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES				
(14,557,825)	-	Dividend paid to minority shareholders	(123,387,236)	(122,023)	-	-
-	-	Dividend paid	(101,270,000)	-	(101,270,000)	-
74,464,279	-	Proceeds from minority on issue of rights in subsidiaries	246,930,300	74,464,279	-	-
2,171,652,314	311,810,383	Proceeds from long term borrowings	13,072,544,504	1,477,022,202	1,959,509,492	311,810,383
(1,594,348,132)	(287,615,629)	Repayment of long Term borrowings	(4,633,584,376)	(1,110,871,737)	(161,906,592)	(262,023,214)
		Proceeds from / (repayment of) short term borrowings (net)	(4,934,269,346)	3,035,570,890	(3,578,936,679)	1,688,639,958
5,399,140,824	3,497,288,333	Proceeds from share issue	4,031,000,000	73,944,000	4,031,000,000	73,944,000
73,944,000	73,944,000	Direct cost on issue of shares	(131,909,642)	(919,242)	(131,909,642)	(919,242)
(924,742)	(919,242)					
6,109,370,718	3,594,507,845	Net cash flow from financing activities	7,426,054,204	3,549,088,369	2,016,486,579	1,811,451,885
		NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS AT THE BEGINNING	(120,475,530)	308,876,036	19,999,450	342,850,247
(526,805,563)	306,105,641					
(588,147,052)	(336,547,684)	CASH AND CASH EQUIVALENTS AT THE END	(1,235,428,145)	(279,271,016)	(10,442,593)	6,302,563
(1,114,952,615)	(30,442,043)					
		ANALYSIS OF CASH AND CASH EQUIVALENTS				
		Favourable balances				
279,647,867	5,743,212	Cash in hand and at Bank	463,217,734	215,253,475	9,712,618	14,835,148
		Unfavourable balances				
(1,394,600,482)	(36,185,255)	Bank overdrafts	(1,698,645,879)	(494,524,491)	(20,155,211)	(8,532,585)
(1,114,952,615)	(30,442,043)	Cash and cash equivalents	(1,235,428,145)	(279,271,016)	(10,442,593)	6,302,563

A

Acquisition of subsidiary

Property Plant & Equipment	95,392,009	37,561,790
Intangible Assets	1,980,619,826	9,596,472
Other Investments	862,716,714	123,988,729
Deferred Tax Assets	-	9,652,473
Inventories	3,959,928	35,476,986
Trade & Other Receivables	-	97,551,500
Loans and Advances	-	695,008,607
Lease and Hire Purchase Rental Receivable	-	2,160,140,773
Short Term Investments	-	80,400,190
Cash and Cash Equivalents	45,621,019	8,141,141
Deferred Tax Liabilities	-	(6,545,328)
Retirement Benefit Obligations	(30,206,637)	(11,626,433)
Trade & Other Payables	(729,499,482)	(161,600,503)
Short Term Borrowings	-	(28,833,333)
Income Tax Liabilities	-	(6,600,725)
Interest Bearing Borrowings	-	(1,594,635,967)
Public Deposits	-	(1,031,432,206)
Other non current assets	52,349,119	-
Trade & other receivables	348,755,594	-
Short term investments	2,846,025,558	-
Insurance Provisions	(2,385,129,627)	-
Amounts Due to Related Companies	(1,506,877)	-
Total net assets	3,089,097,144	416,244,166
Net assets acquired	1,425,533,652	115,157,525
Minority cost holdings of investment	1,058,748,476	-
Goodwill	663,812,638	170,734,615
Cash consideration paid on acquisition of subsidiary	3,148,094,766	285,892,140
Cash and cash equivalent acquired	(45,621,019)	(8,141,141)
Net cash outflow on acquisition of subsidiary	3,102,473,747	277,750,999

The assets and liabilities as at the acquisition date are stated at their provisional fair values and may be amended in accordance with SLAS 25 (Revised 2004) - Business Combination.

Segment Analysis of Revenue and Profit

For the nine months ended 31 December	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
	Revenue	4,949,083	4,310,193	32,414,367	-	3,883,178	1,869,186	832,871	468	1,764,647	303,116	4,565,280	-	7,602,214	1,330,500	16,035,955
Operating Profit	650,585	542,599	(247,362)	(247,362)	526,617	501	110,932	317	292,458	665	1,177,957	120	28,096,790	5,553,943	2,761,910	104,071,045
Profit Before Taxation	398,832	204,022	(781,546)	(150,687)	380,286	829	97,740	550	81,949	247	640,446	889	(132,673)	218	1,488,767	826,491
Taxation	(112,934)	(943)	(70,659)	(938)	(98,860)	(864)	(19,830)	(51)	(56,417)	(157)	(105,558)	(046)	(44,359)	(689)	(436,260)	(870)
Profit After Taxation	285,897	160,079	(148,205)	(1,625)	281,426	(535)	77,910	499	25,532	90	534,888	843	(177,032)	(286)	1,052,507	665,054

For the three months ended 31 December	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
	Revenue	1,544,662	1,779,589	5,728,194	-	1,704,948	720	351,144	544	931,926	774	1,673,475	779	7,136,314	(640,261)	6,122,922
Operating Profit	220,071	188,621	(3,582)	(680)	198,582	771	203,224	206	(37,335)	(441)	427,045	880	(2,295)	(722)	(25,455)	(585)
Profit Before Taxation	129,023	604	(58,961)	(1,029)	160,113	565	105,542	219	(201,169)	(197)	40,566	508	(25,465)	(586)	113,092	225
Taxation	(62,787)	(677)	(337,453)	(832)	(56,663)	(734)	(27,324)	(923)	(22,661)	(962)	(49,372)	(376)	(10,880)	(842)	(7,936)	(384)
Profit After Taxation	66,235	327	(915)	(197)	103,449	(831)	78,217	296	(223,831)	(159)	163,195	129	(36,346)	(629)	105,155	841

Statement of Changes in Equity

CONSOLIDATED

In Rs.	Stated Capital	Attributable to Equity Holders of Parent				Total	Minority Interest	Total Equity	
		Revaluation Reserve	Exchange Translation Reserves	Statutory Reserves	Investment Fund Reserves				Accumulated Profit
For the period ended 31 December 2011									
Balance as at 01 April 2011	1,058,000,000	737,845,882	(56,359,656)	3,414,497	-	1,298,686,340	3,041,587,063	4,003,432,769	7,045,019,832
Issue of shares	4,031,000,000	-	-	-	-	4,031,000,000	-	-	4,031,000,000
Direct cost on Share Issue	-	-	-	-	-	(131,909,642)	(131,909,642)	-	(131,909,642)
Net gain / (loss) recognised directly in equity	-	-	-	-	-	-	-	(172,928,432)	(172,928,432)
- Acquisitions, disposals and changes in holding	-	-	-	1,565,695	4,618,330	(6,184,025)	-	-	-
Transferred to/(from) during the period	-	-	-	-	-	(101,270,000)	(101,270,000)	-	(101,270,000)
Dividend Paid during the period	-	-	-	-	-	39,030,763	39,030,763	(162,417,999)	(123,387,236)
Subsidiary dividend to minority shareholders	-	-	-	-	-	-	-	11,445,725	11,445,725
Currency Translation Difference	-	11,445,725	-	-	-	-	11,445,725	-	11,445,725
Profit for the period	-	-	-	-	-	567,737,475	567,737,475	434,768,915	1,002,506,390
Balance as at 31 December 2011	5,089,000,000	737,845,882	(44,913,931)	4,980,192	4,618,330	1,666,090,911	7,457,621,384	4,102,855,253	11,560,476,637
For the period ended 31 December 2010									
Balance 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
Issue of shares	73,944,000	-	-	-	-	73,944,000	-	-	73,944,000
Direct Cost on Share Issue	-	-	-	-	-	(919,242)	(919,242)	-	(919,242)
Currency Translation Differences	-	-	(16,715,500)	-	-	-	(16,715,500)	-	(16,715,500)
Net gain / (loss) recognised directly in equity	-	-	-	-	-	-	-	-	-
- Surplus on Revaluation	-	3,666,667	-	-	-	-	3,666,667	-	3,666,667
- Acquisitions, disposals and changes in holding	-	-	-	-	-	-	-	379,183,091	379,183,091
Associate Company Share of Net Assets	-	92,228,659	-	-	-	-	92,228,659	-	92,228,659
Transfer to Reserve Fund	-	-	-	1,843,640	-	(1,843,640)	-	-	-
Profit for the period	-	-	-	-	-	629,848,889	629,848,889	33,206,037	663,054,926
Subsidiary Dividend to Minority shareholders	-	-	-	-	-	-	-	(122,023)	(122,023)
Balance as at 31 December 2010	1,058,000,000	724,000,520	(53,895,842)	1,843,640	-	1,091,558,040	2,821,506,358	416,620,299	3,238,126,657

Statement of Changes in Equity

COMPANY

In Rs.	Stated Capital	Accumulated Profit	Total Equity
For the period ended 31 December 2011			
Balance 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	-	(131,909,642)	(131,909,642)
Dividend Paid during the period	-	(101,270,000)	(101,270,000)
Profit for the period	-	255,142,514	255,142,514
Balance as at 31 December 2011	5,089,000,000	11,192,993	5,100,192,993
For the period ended 31 December 2010			
Balance 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	-	102,334,599	102,334,599
Balance as at 31 December 2010	1,058,000,000	12,090,892	1,070,090,892

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 9 months ended 31 December 2011 were authorised for issue by the Board of directors on 13 February 2012.

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 31 December 2011 was 31.52%

3.2 Directors' Share Holdings

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

As at	31-12-2011	31-03-2011
A. K. Pathirage - Chairman/ Managing Director	338,219,500	321,500,000
H. U. Gunawardena	57,469,300	57,000,000
R. J. Perera	60,836,700	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
W. M. P. L. De Alwis	Nil	Nil
Total	529,235,500	503,390,000

3.3 Twenty Largest Shareholders of the Company are as follows:

As at		31-12-2011		31-03-2011	
		Number of shares	%	Number of shares	%
1	Mr. A. K. Pathirage	338,219,500	43.42%	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	Sri Lanka Insurance Corporation General Fund	15,812,400	2.03%	Nil	-
6	Dr K. P. Karunarathne	11,693,200	1.50%	3,000,000	0.47%
7	HSBC INTL NOM LTD -SNFE-NTASIAN Discovery Master Fund	9,900,400	1.27%	Nil	-
8	Mr. K. P. R. B. De Silva	9,275,000	1.19%	10,000,000	1.56%
9	Bank of Ceylon A/C Ceybank Unit Trust	8,190,000	1.05%	Nil	-
10	Pemberton Asian Opportunities Fund	7,000,000	0.90%	Nil	-
11	Mr S. A. B. Rajapaksha	5,477,600	0.70%	Nil	-
12	Mrs. A. Selliah	4,236,000	0.54%	4,000,000	0.63%
13	Bartleet Financial Services Ltd	3,886,000	0.50%	Nil	-
14	Arunodaya Investment (pvt) Ltd	3,786,000	0.49%	3,500,000	0.55%
15	Arunodhaya Industries (Pvt) Limited	3,786,000	0.49%	3,500,000	0.55%
16	Arunodhaya (Pvt) Limited	3,786,000	0.49%	3,500,000	0.55%
17	Miss S. Subramaniam	3,736,000	0.48%	3,500,000	0.55%
18	Mr V. Kailasapillai	3,736,000	0.48%	3,500,000	0.55%
19	Mrs A. Kailasapillai	3,736,000	0.48%	3,500,000	0.55%
20	Union Assurance PLC/No 01A/C	3,693,200	0.47%	Nil	-

3.4 Stated Capital

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

As at	31-12-2011	31-03-2011	31-12-2010
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 31 December 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 31 December 2011	5,089,000,000

Notes to the Financial Statements

5. INVESTOR INFORMATION

As at	31-12-2011	31-12-2010
5.1 Market Value of Shares		
The market value of an ordinary share of Softlogic Holdings PLC was as follows.		
Closing price on	18.00	N/A
Highest price recorded for the three months ending	22.00	N/A
Lowest price recorded for the three months ending	15.80	N/A
Market Capitalisation (Rs. Mn)	12,308.20	N/A
5.2 Ratios		
Net assets per share at the period end	10.03	4.41
5.3 Share Trading information from 01 October 2011 to 31 December 2011		
Number of shares traded	38,128,200	N/A
Value of shares traded (Rs.)	734,163,770	N/A

6. CONTINGENCIES, CAPITAL AND OTHER COMMITMENTS

6.1 Contingent Liabilities

There were no significant contingent liabilities as at the balance sheet date other than what is disclosed above, which require adjustments to or disclosures in the financial statements.

6.2 Capital Commitments

As at 31 December 2011, the Group had capital commitments contracted but not provided in the financial statements amounting to Rs. 459.6 Mn (31 March 2011 - Nil).

7. POST BALANCE SHEET EVENTS

There were no significant events subsequent to the Balance Sheet date, which require disclosure in the interim financial statements.

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
Web : 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

Audit Committee

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

Remuneration Committee

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

Secretaries and Registrars

Ms. T. N. Dayaratne
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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

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Chartered Accountants
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