

DIALOG AXIATA PLC AND ITS SUBSIDIARIES

**CONSOLIDATED INTERIM FINANCIAL
INFORMATION FOR THE FIRST QUARTER ENDED
31 MARCH 2011**

**Independent auditor's review report
To the Directors of Dialog Axiata PLC**

We have reviewed the accompanying balance sheets of Dialog Axiata PLC and its subsidiaries at 31 March 2011, and the related statements of income and cash flows for the period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Sri Lanka Standard on Review Engagements 2400 applicable to review engagements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not presented fairly, in all material respects in accordance with Sri Lanka Accounting Standards.

10 May 2011

COLOMBO

PricewaterhouseCoopers
CHARTERED ACCOUNTANTS

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DIALOG AXIATA PLC AND ITS SUBSIDIARIES

Balance sheet

(all amounts in Sri Lanka Rupees thousands)

| | Note | As at 31 March 2011 | | As at 31 December 2010 | |
|---|------|---------------------|-------------|------------------------|-------------|
| | | Group | Company | Group | Company |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | | 53,241,445 | 44,446,851 | 53,014,351 | 44,348,523 |
| Intangible assets | | 3,672,439 | 1,341,689 | 3,757,193 | 1,397,140 |
| Investments in subsidiaries | | Nil | 10,326,010 | Nil | 10,326,010 |
| Other investment | | 30,596 | 30,596 | 30,596 | 30,596 |
| Amount due from subsidiaries | | Nil | 8,816,575 | Nil | 8,771,992 |
| | | 56,944,480 | 64,961,721 | 56,802,140 | 64,874,261 |
| Current assets | | | | | |
| Inventories | | 160,990 | 155,855 | 271,184 | 266,159 |
| Trade and other receivables | | 10,611,246 | 9,189,596 | 9,628,718 | 8,071,307 |
| Cash and cash equivalents | | 7,945,137 | 7,418,233 | 5,433,770 | 5,079,135 |
| | | 18,717,373 | 16,763,684 | 15,333,672 | 13,416,601 |
| Assets held for transfer | 11 | Nil | 83,659 | Nil | Nil |
| Total assets | | 75,661,853 | 81,809,064 | 72,135,812 | 78,290,862 |
| EQUITY | | | | | |
| Capital and reserves attributable to equity holders | | | | | |
| Stated capital | | 30,556,113 | 30,556,113 | 30,556,113 | 30,556,113 |
| ESOS Trust shares | | (1,990,921) | (1,990,921) | (1,990,921) | (1,990,921) |
| Dividend reserve - ESOS | | 260,067 | 260,067 | 260,067 | 260,067 |
| Revaluation reserve | | 130,748 | 95,910 | 131,713 | 96,820 |
| Retained earnings | | 3,765,186 | 12,065,306 | 2,656,318 | 10,744,469 |
| | | 32,721,193 | 40,986,475 | 31,613,290 | 39,666,548 |
| Total equity | | 32,721,193 | 40,986,475 | 31,613,290 | 39,666,548 |
| LIABILITIES | | | | | |
| Non - current liabilities | | | | | |
| Borrowings | | 19,143,159 | 19,143,159 | 20,122,753 | 20,122,753 |
| Deferred income tax liabilities | | 1,644,782 | 1,644,782 | 1,612,510 | 1,612,510 |
| Retirement benefit obligations | | 413,878 | 372,713 | 390,635 | 358,854 |
| Provision for other liabilities | | 635,159 | 622,835 | 619,876 | 607,794 |
| Deferred revenue | | 269,613 | 269,613 | 285,766 | 285,766 |
| | | 22,106,591 | 22,053,102 | 23,031,540 | 22,987,677 |
| Current liabilities | | | | | |
| Trade and other payables | | 13,648,007 | 11,914,768 | 12,094,208 | 10,443,631 |
| Current income tax liabilities | | 28,879 | 25,349 | 14,151 | 10,898 |
| Borrowings | | 7,157,183 | 6,822,485 | 5,382,623 | 5,182,108 |
| | | 20,834,069 | 18,762,602 | 17,490,982 | 15,636,637 |
| Liabilities held for transfer | 11 | Nil | 6,885 | Nil | Nil |
| Total liabilities | | 42,940,660 | 40,822,589 | 40,522,522 | 38,624,314 |
| Total equity and liabilities | | 75,661,853 | 81,809,064 | 72,135,812 | 78,290,862 |
| Net Asset per Share (Rs.) | | 3.71 | 4.73 | 3.57 | 4.56 |

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act, No. 07 of 2007.

Signed

.....
Group Chief Financial Officer

Date : 10 May 2011

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

Approved and signed for and on behalf of the Board of Directors:

Signed

.....
Director

Date : 10 May 2011

Signed

.....
Director

Date : 10 May 2011

The notes on pages 7 to 11 form an integral part of these financial statements.

DIALOG AXIATA PLC AND ITS SUBSIDIARIES**Income statement**

(all amounts in Sri Lanka Rupees thousands)

| | Three months ended 31 March 2011 | | Three months ended 31 March 2010 | |
|---|-------------------------------------|------------------|-------------------------------------|------------------|
| | Group | Company | Group | Company |
| Revenue | 10,953,339 | 10,029,293 | 9,950,904 | 9,101,056 |
| Direct costs | (6,320,939) | (5,632,632) | (5,818,327) | (5,110,012) |
| Gross margin | 4,632,400 | 4,396,661 | 4,132,577 | 3,991,044 |
| Other operating income | 21,696 | 20,630 | 24,754 | 12,901 |
| Administrative costs | (2,030,858) | (1,662,103) | (1,705,318) | (1,243,653) |
| Distribution costs | (1,498,222) | (1,418,268) | (1,484,358) | (1,292,749) |
| Operating profit | 1,125,016 | 1,336,920 | 967,655 | 1,467,543 |
| Finance income/ (costs) - net | 90,733 | 90,570 | (143,274) | (69,569) |
| Profit before tax | 1,215,749 | 1,427,490 | 824,381 | 1,397,974 |
| Tax | (56,966) | (56,683) | (119,325) | (121,644) |
| Profit for the period | 1,158,783 | 1,370,807 | 705,056 | 1,276,330 |
| Attributable to: | | | | |
| Equity holders of the Company | 1,158,783 | 1,370,807 | 705,056 | 1,276,330 |
| Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in Rs per share) | | | | |
| - Basic | 0.14 | 0.17 | 0.08 | 0.15 |
| - Diluted | 0.14 | 0.17 | 0.08 | 0.15 |

The notes on pages 7 to 11 form an integral part of these financial statements.

DIALOG AXIATA PLC AND ITS SUBSIDIARIES

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Statement of changes in equity

(all amounts in Sri Lanka Rupees Thousands)

Group

| | Stated capital | Shares in ESOS trust | Dividend reserve | Revaluation reserve | Retained earnings | Total |
|---|-------------------|----------------------------|---------------------|------------------------|----------------------|-------------------|
| Balance at 1 January 2010 | 31,806,113 | (1,990,921) | 260,067 | 136,471 | (2,102,401) | 28,109,329 |
| Net Profit | Nil | Nil | Nil | Nil | 705,056 | 705,056 |
| Dividend to rated cumulative redeemable preference shares | Nil | Nil | Nil | Nil | (91,360) | (91,360) |
| Deferred tax on revaluation | Nil | Nil | Nil | (2,047) | Nil | (2,047) |
| Depreciation transfer | Nil | Nil | Nil | (952) | 952 | Nil |
| Balance as at 31 March 2010 | 31,806,113 | (1,990,921) | 260,067 | 133,472 | (1,487,753) | 28,720,978 |
| Balance at 1 April 2010 | 31,806,113 | (1,990,921) | 260,067 | 133,472 | (1,487,753) | 28,720,978 |
| Net Profit | Nil | Nil | Nil | Nil | 4,342,385 | 4,342,385 |
| Redemption of rated cumulative redeemable preference shares | (1,250,000) | Nil | Nil | Nil | Nil | (1,250,000) |
| Dividend to rated cumulative redeemable preference shares | Nil | Nil | Nil | Nil | (201,414) | (201,414) |
| Depreciation transfer | Nil | Nil | Nil | (3,100) | 3,100 | Nil |
| Deferred tax attributable to revaluation surplus | Nil | Nil | Nil | 1,341 | Nil | 1,341 |
| Balance at 31 December 2010 | 30,556,113 | (1,990,921) | 260,067 | 131,713 | 2,656,318 | 31,613,290 |
| Balance at 1 January 2011 | 30,556,113 | (1,990,921) | 260,067 | 131,713 | 2,656,318 | 31,613,290 |
| Net Profit | Nil | Nil | Nil | Nil | 1,158,783 | 1,158,783 |
| Dividend to rated cumulative redeemable preference shares | Nil | Nil | Nil | Nil | (50,880) | (50,880) |
| Depreciation transfer | Nil | Nil | Nil | (965) | 965 | Nil |
| Balance at 31 March 2011 | 30,556,113 | (1,990,921) | 260,067 | 130,748 | 3,765,186 | 32,721,193 |

The notes on page 7 to 11 form an integral part of these financial statements.

DIALOG AXIATA PLC AND ITS SUBSIDIARIES

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Statement of changes in equity

(all amounts in Sri Lanka Rupees Thousands)

Company

| | Stated capital | Shares in ESOS trust | Dividend reserve | Revaluation reserve | Retained earnings | Total |
|---|-------------------|----------------------------|---------------------|------------------------|----------------------|-------------------|
| Balance at 1 January 2010 | 31,806,113 | (1,990,921) | 260,067 | 101,358 | 4,481,458 | 34,658,075 |
| Net Profit | Nil | Nil | Nil | Nil | 1,276,330 | 1,276,330 |
| Deferred tax on revaluation | Nil | Nil | Nil | (2,047) | Nil | (2,047) |
| Depreciation transfer | Nil | Nil | Nil | (897) | 897 | Nil |
| Dividend to rated cumulative redeemable preference shares | Nil | Nil | Nil | Nil | (91,360) | (91,360) |
| Balance at 31 March 2010 | 31,806,113 | (1,990,921) | 260,067 | 98,414 | 5,667,325 | 35,840,998 |
| Balance at 1 April 2010 | 31,806,113 | (1,990,921) | 260,067 | 98,414 | 5,667,325 | 35,840,998 |
| Net Profit | Nil | Nil | Nil | Nil | 5,275,623 | 5,275,623 |
| Deferred tax on revaluation | Nil | Nil | Nil | 1,341 | Nil | 1,341 |
| Depreciation transfer | Nil | Nil | Nil | (2,935) | 2,935 | Nil |
| Dividend to rated cumulative redeemable preference shares | Nil | Nil | Nil | Nil | (201,414) | (201,414) |
| Redemption of rated cumulative redeemable preference shares | (1,250,000) | Nil | Nil | Nil | Nil | (1,250,000) |
| Balance at 31 December 2010 | 30,556,113 | (1,990,921) | 260,067 | 96,820 | 10,744,469 | 39,666,548 |
| Balance at 1 January 2011 | 30,556,113 | (1,990,921) | 260,067 | 96,820 | 10,744,469 | 39,666,548 |
| Net Profit | Nil | Nil | Nil | Nil | 1,370,807 | 1,370,807 |
| Dividend to rated cumulative redeemable preference shares | Nil | Nil | Nil | Nil | (50,880) | (50,880) |
| Depreciation transfer | Nil | Nil | Nil | (910) | 910 | Nil |
| Balance at 31 March 2011 | 30,556,113 | (1,990,921) | 260,067 | 95,910 | 12,065,306 | 40,986,475 |

The notes on page 7 to 11 form an integral part of these financial statements.

DIALOG AXIATA PLC AND ITS SUBSIDIARIES**Cash flow statement**

(all amounts in Sri Lanka Rupees thousands)

| | Three months ended 31 March 2011 | | Three months ended 31 March 2010 | |
|--|-------------------------------------|--------------------|-------------------------------------|--------------------|
| | Group | Company | Group | Company |
| Cash flows from operating activities | | | | |
| Cash generated from operations | 4,238,086 | 3,856,066 | 3,078,623 | 3,062,258 |
| Interest received | 19,918 | 18,750 | 13,035 | 12,565 |
| Interest paid | (77,474) | (78,018) | (249,656) | (175,587) |
| Tax / ESC paid | (23,950) | (23,945) | (21,972) | (21,969) |
| Retirement benefit obligations paid | (2,187) | (2,187) | (17,090) | (12,092) |
| Net cash generated from operating activities | 4,154,393 | 3,770,666 | 2,802,940 | 2,865,175 |
| Cash flows from investing activities | | | | |
| Purchases of property, plant and equipment | Nil | Nil | (26,439) | (26,140) |
| Purchases of intangible assets | Nil | Nil | (11,803) | (11,803) |
| Expenditure incurred on capital work-in-progress | (2,510,915) | (2,004,851) | (1,595,819) | (1,026,379) |
| Amount given to subsidiaries | Nil | (158,656) | Nil | (1,177,780) |
| Proceeds from sale of property, plant and equipment | Nil | Nil | 18,098 | 8,123 |
| Net cash used in investing activities | (2,510,915) | (2,163,507) | (1,615,963) | (2,233,979) |
| Cash flows from financing activities | | | | |
| Repayment of finance leases | Nil | Nil | (7,736) | (1,965) |
| Repayment of borrowings | (602,335) | (597,372) | (2,558,038) | (2,025,457) |
| Proceeds from borrowings | 1,268,932 | 1,268,932 | 649,155 | 623,437 |
| Net cash generated from / (used in) financing activities | 666,597 | 671,560 | (1,916,619) | (1,403,985) |
| Net increase / (decrease) in cash and cash equivalents | 2,310,075 | 2,278,719 | (729,642) | (772,789) |
| Movement in cash and cash equivalents | | | | |
| At start of period | 4,475,861 | 4,314,219 | 3,019,449 | 3,175,076 |
| Increase / (decrease) | 2,310,075 | 2,278,719 | (729,642) | (772,789) |
| Exchange gains on cash and bank overdrafts | (7,245) | (7,245) | 4,746 | 4,746 |
| At end of period | 6,778,691 | 6,585,693 | 2,294,553 | 2,407,033 |

The notes on pages 7 to 11 form an integral part of these financial statements.

DIALOG AXIATA PLC AND ITS SUBSIDIARIES

Notes to the financial statements

(in the notes all amounts in Sri Lanka Rupees thousands unless otherwise stated)

1 General information

Dialog Axiata PLC (the "Company") and its subsidiaries (together "the Group") provide Communication (Mobile, Internet, International, Data and Backbone, Fixed wireless and Transmission infrastructure) and Media related services.

Dialog Axiata PLC (the "Company") is a public limited liability company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office of the Company is located at 475, Union Place, Colombo 2.

Issued ordinary shares of the Company have been listed on the Colombo Stock Exchange since 28 July 2005.

2 Basis of preparation

The condensed interim consolidated financial information of Dialog Axiata PLC (the "Company") for the period ended 31 March 2011 has been prepared in accordance with Sri Lanka Accounting Standard 35 "Interim Financial Reporting". The interim consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010.

3 Accounting policies

Accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2010.

Notes to the financial statements (Contd)

4 Segment information

Primary reporting format - business segments

- o The segment results for the period ended 31 March 2011 are as follows:

| | Cellular Operation | International operation | Tele Infrastructure operation | Fixed Telecommunication service | Television operation | Group |
|---|--------------------|-------------------------|-------------------------------|---------------------------------|----------------------|-------------|
| Total segmental revenue | 8,367,331 | 3,396,382 | 1,291,831 | 463,211 | 560,832 | 14,079,587 |
| Inter-segment revenue | (1,164,481) | (983,360) | (906,759) | (67,823) | (3,825) | (3,126,248) |
| Revenue from external customers | 7,202,850 | 2,413,022 | 385,072 | 395,388 | 557,007 | 10,953,339 |
| Operating profit/(loss) segment results | 869,452 | 386,402 | 101,131 | (203,693) | (28,276) | 1,125,016 |
| Finance income | | | | | | 161,205 |
| Finance costs | | | | | | (70,472) |
| Finance income - net | | | | | | 90,733 |
| Profit before income tax | | | | | | 1,215,749 |
| Income tax expense | | | | | | (56,966) |
| Profit for the period | | | | | | 1,158,783 |

- o Other segment items included in the income statement are as follows:

| | Cellular Operation | International operation | Tele Infrastructure operation | Fixed Telecommunication service | Television operation | Group |
|---|--------------------|-------------------------|-------------------------------|---------------------------------|----------------------|-----------|
| Depreciation ,amortisation and impairment | 1,758,875 | 127,901 | 154,709 | 289,537 | 131,967 | 2,462,989 |

- o The segment assets and liabilities at 31 March 2011 and capital expenditure for the period then ended are as follows:

| | Cellular Operation | International operation | Tele Infrastructure operation | Fixed Telecommunication service | Television operation | Unallocated | Group |
|---------------------|--------------------|-------------------------|-------------------------------|---------------------------------|----------------------|-------------|------------|
| Assets | 55,671,989 | 7,742,124 | 5,526,111 | 2,273,648 | 3,182,970 | 1,265,011 | 75,661,853 |
| Liabilities | 7,304,212 | 4,368,995 | 1,870,097 | 383,812 | 919,466 | 28,094,078 | 42,940,660 |
| Capital expenditure | 1,394,163 | 28,302 | 996,966 | 8,506 | 66,687 | Nil | 2,494,624 |

Notes to the financial statements (Contd)

4 Segment information (Contd)

- o The segment results for the period ended 31 March 2010 are as follows:

| | Cellular Operation | International operation | Tele Infrastructure operation | Fixed Telecommunication service | Television operation | Group |
|---|--------------------|-------------------------|-------------------------------|---------------------------------|----------------------|-------------|
| Total segmental revenue | 7,503,134 | 3,482,414 | 1,054,079 | 474,217 | 489,693 | 13,003,537 |
| Inter-segment revenue | (1,076,557) | (1,120,551) | (795,626) | (57,511) | (2,388) | (3,052,633) |
| Revenue from external customers | 6,426,577 | 2,361,863 | 258,453 | 416,706 | 487,305 | 9,950,904 |
| Operating profit / (loss) segment results | 1,415,157 | 49,414 | (76,485) | (294,498) | (125,933) | 967,655 |
| Finance income | | | | | | 109,634 |
| Finance costs | | | | | | (252,908) |
| Finance costs - net | | | | | | (143,274) |
| Profit before income tax | | | | | | 824,381 |
| Income tax expense | | | | | | (119,325) |
| Profit for the period | | | | | | 705,056 |

| | Cellular Operation | International operation | Tele Infrastructure operation | Fixed Telecommunication service | Television operation | Group |
|--|--------------------|-------------------------|-------------------------------|---------------------------------|----------------------|-----------|
| Depreciation ,amortisation and imparment | 1,199,099 | 556,533 | 249,336 | 266,692 | 111,096 | 2,382,756 |

- o The segment assets and liabilities at 31 December 2010 and capital expenditure for the year then ended are as follows:

| | Cellular Operation | International operation | Tele Infrastructure operation | Fixed Telecommunication service | Television operation | Unallocated | Group |
|---------------------|--------------------|-------------------------|-------------------------------|---------------------------------|----------------------|-------------|------------|
| Assets | 42,612,831 | 16,286,313 | 5,065,484 | 2,573,903 | 3,408,150 | 2,189,131 | 72,135,812 |
| Liabilities | 6,305,864 | 4,270,506 | 1,433,124 | 236,809 | 1,013,125 | 27,263,094 | 40,522,522 |
| Capital expenditure | 2,334,532 | 295,381 | 3,367,574 | 126,096 | 701,490 | 1,107,349 | 7,932,422 |

DIALOG AXIATA PLC AND ITS SUBSIDIARIES

Notes to the financial statements (Contd)

(in the notes all amounts in Sri Lanka Rupees thousands unless otherwise stated)

5 Stated capital

Stated Capital of the Company consists of 8,143,778,405 ordinary shares and 2,500,000,000 rated cumulative redeemable preference shares.

6 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period.

7 Market price per share

For the three months ended 31 March

| | 2011 Rs. | 2010 Rs. |
|---------------|-------------|-------------|
| - Highest | 12.20 | 7.75 |
| - Lowest | 10.20 | 6.50 |
| - Last traded | 10.50 | 6.75 |

8 20 largest shareholders of the Company

| Name of Shareholder | No. of Shares | % Holding |
|--|---------------|-----------|
| 1 Axiata Investments (Labuan) Limited | 6,785,252,765 | 83.32% |
| 2 HSBC - BBH - Genesis Smaller Companies | 191,221,640 | 2.35% |
| 3 Dialog Telekom Employees ESOS Trust | 158,572,462 | 1.95% |
| 4 Employees Provident Fund | 94,357,589 | 1.16% |
| 5 Sri Lanka Insurance Corporation Ltd-Life Fund | 74,585,920 | 0.92% |
| 6 HSBC-SSBT- South Asia Portfolio | 71,161,980 | 0.87% |
| 7 HSBC-International Finance Corporation | 64,086,800 | 0.79% |
| 8 HSBC-BBH-Genesis Emerging Markets Opportunities Fund | 55,345,900 | 0.68% |
| 9 Browns Investments (Pvt) Ltd | 44,990,600 | 0.55% |
| 10 HSBC-JPMLU-Morgan Stanley Asset Management | 42,651,352 | 0.52% |
| 11 BNY-CF Ruffer Investment Funds | 39,214,300 | 0.48% |
| 12 Northern Trust Co s/a Northern Trust Fiduciary Services (Ireland) as Trustee to Baring Asean Frontiers Fund | 38,938,000 | 0.48% |
| 13 Sri Lanka Insurance Corporation Ltd-General Fund | 22,320,360 | 0.27% |
| 14 HSBC-JPMCB-Scottish Orl Sml TR GTI 6018 | 22,207,500 | 0.27% |
| 15 HSBC- FS-LG India Fund Ltd | 21,900,510 | 0.27% |
| 16 Associated Electrical Corporation Ltd | 19,750,000 | 0.24% |
| 17 CB London s/a RBS as DEP of FS India Sub/Cont FD Aa s/f of First State Invest ICVC | 17,240,000 | 0.21% |
| 18 HSBC-SSBT-Morgan Stanley Frontier Emerging Markets Fund Inc | 15,083,907 | 0.19% |
| 19 Seylan Bank PLC. - A/C No. 3 | 14,703,100 | 0.18% |
| 20 Bank of Ceylon A/C Ceybank Unit Trust | 14,141,700 | 0.17% |

9 Public shareholding

The percentage of public shareholding as at 31 March 2011 was 14.73% (14.73% as at 31 December 2010), calculated as per the listing rules of the Colombo Stock Exchange.

10 Assets and liabilities held for transfer.

On 21 January 2011, the Company incorporated a fully owned subsidiary, Dialog Business Services (Private) Ltd (DBS) for the purpose of carrying out IT enabled services. The Company decided to transfer its Call Centre Operation to DBS which started its commercial operation on 1 April 2011. Accordingly, the following assets and liabilities of the Call Centre Operation are classified as held for transfer as of 31 March 2011.

| | As at 31 March 2011 | As at 31 December 2010 |
|--|---------------------|------------------------|
| (a) Assets held for transfer | | |
| Property, plant and equipment | 83,501 | Nil |
| Staff loans | 158 | Nil |
| | 83,659 | Nil |
| (b) Liabilities held for transfer | | |
| Retirement benefit obligations | 6,885 | Nil |

11 Directors' Shareholdings

The details of shares held by the Directors and their spouses as at 31 March 2011 are as follows:

| | Number of shares |
|--|------------------|
| Dr Shridhir Sariputta Hansa Wijayasuriya | 42,570 |
| Mr. Moksevi Rasingh Prelis | 18,840 |
| Mr. Mohamed Vazir Muhsin | 18,040 |

None of the Directors other than those disclosed above hold any shares in the Company.

DIALOG AXIATA PLC AND ITS SUBSIDIARIES**Notes to the financial statements (Contd)**

(in the notes all amounts in Sri Lanka Rupees thousands unless otherwise stated)

12 Contingencies

There has not been a significant change in the nature of the contingent liabilities, which were disclosed in the Annual Report for the year ended 31 December 2010.

13 Events after the Balance sheet date

On 3 May 2011, the Company signed a joint venture agreement with Firstsource Solutions Ltd, a listed company in India. This is in respect of Dialog Business Services (Private) Ltd (DBS), a fully owned subsidiary of the Company, incorporated on 21 January 2011 for the purpose of carrying out IT enabled services. As per this agreement, the Company holds 26% of stake in DBS and the remaining 74% is with Firstsource Solutions Ltd.