

**INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2013**

SOFTLOGIC FINANCE PLC
(Company Registration No. PB641PQ)

SOFTLOGIC FINANCE PLC
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2013

	30/09/2013 (Unaudited)	30/09/2012 (Unaudited) (Restated)	31/03/2013 (Audited)
	Rs.	Rs.	Rs.
ASSETS			
Cash and cash equivalents	1,176,858,468	671,548,195	1,472,505,964
Financial investments - Available for sale	152,562,416	128,965,178	114,962,661
Financial investments - Held for trading	68,592,600	-	78,705,000
Lease and hire purchase receivables	8,154,413,704	6,422,326,989	7,221,967,081
Loans and receivables	4,314,345,231	2,848,890,355	3,352,909,970
Other non financial assets	1,002,121,758	557,279,835	791,538,189
Intangible assets	10,984,721	6,578,329	8,351,476
Property, plant & equipment	174,360,944	188,075,982	177,862,940
TOTAL ASSETS	15,054,239,841	10,823,664,864	13,218,803,281
LIABILITIES			
Due to banks	2,001,980,946	1,162,322,483	2,653,411,875
Due to customers	6,970,996,527	6,202,827,463	6,956,951,047
Other borrowed funds	3,991,444,455	1,696,245,604	1,581,421,032
Other non financial liabilities	754,748,386	561,467,217	743,760,027
Retirement benefit obligations	15,240,466	13,411,551	13,512,666
Deferred tax liabilities	102,497,692	72,051,878	65,150,142
TOTAL LIABILITIES	13,836,908,473	9,708,326,195	12,014,206,789
SHARE HOLDERS' FUNDS			
Stated capital	1,003,230,820	1,003,230,820	1,003,230,820
Statutory reserve fund	57,154,416	23,722,146	42,839,262
Investment fund reserve	63,011,162	32,351,562	47,687,252
Retained earnings	115,877,800	63,295,864	130,122,021
Available for sale reserve	(21,942,830)	(7,261,723)	(19,282,863)
SHARE HOLDERS' FUNDS	1,217,331,368	1,115,338,669	1,204,596,492
TOTAL LIABILITIES AND SHARE HOLDERS' FUNDS	15,054,239,841	10,823,664,864	13,218,803,281
Net Assets Per Share	32.50	29.78	32.16

These Financial Statements are in compliance with the requirements of the Companies Act No 07 of 2007.

(Sgd.) D S Hewapathirana
Assistant General Manager - Finance

The Board of Directors is responsible for preparation of these Financial Statements .

Signed for and on behalf of Board by;

(Sgd.) A K Pathirage
Chairman

(Sgd.) Nalin Wijekoon
CEO/Director

Date : October 28, 2013

SOFTLOGIC FINANCE PLC
STATEMENT OF COMPREHENSIVE INCOME

	3 Months ended 30-Sep-13 (Unaudited) Rs.	6 Months ended 30-Sep-13 (Unaudited) Rs.	3 Months ended 30-Sep-12 (Unaudited) (Restated) Rs.	6 Months ended 30-Sep-12 (Unaudited) (Restated) Rs.
GROSS INCOME	859,920,494	1,638,408,009	568,634,032	1,080,161,538
Interest income	838,084,610	1,582,140,553	531,934,534	1,019,363,419
Interest expenses	(507,438,648)	(994,741,008)	(329,457,493)	(613,248,727)
INCOME NET OF INTEREST	330,645,962	587,399,545	202,477,041	406,114,691
Other income	21,835,884	56,267,456	36,699,498	60,798,119
NET OPERATING INCOME	352,481,846	643,667,001	239,176,539	466,912,811
OPERATING EXPENSES				
Personnel costs	92,098,662	179,121,135	78,055,414	161,216,269
Staff retirement benefits	1,200,000	2,400,000	1,200,000	2,400,000
Impairment for loans and receivables	82,543,011	122,185,823	6,522,982	22,304,506
Administrative and general expenses	108,823,291	209,281,641	92,100,856	186,156,192
	284,664,964	512,988,599	177,879,252	372,076,967
PROFIT BEFORE TAX & VAT ON FINANCIAL SERVICES	67,816,882	130,678,403	61,297,287	94,835,844
VAT on financial services	11,407,401	21,755,082	7,868,594	15,344,463
PROFIT BEFORE INCOME TAX	56,409,481	108,923,321	53,428,693	79,491,381
Income tax expense	21,383,911	37,347,551	6,982,825	16,813,852
Net profit for the quarter/period	35,025,570	71,575,769	46,445,868	62,677,529
Basic Earnings Per Share (Rs.)	0.94	1.91	1.24	1.67
STATEMENT OF COMPREHENSIVE INCOME				
Profit for the quarter/period	35,025,570	71,575,769	46,445,868	62,677,529
Other comprehensive income :				
Transferred to income statement on disposal of available for sale financial investments	102,830	102,830	-	-
Gain/(Loss) on remeasuring available for sale financial investments	(9,456,346)	(2,762,797)	18,268,520	762,681
Total Comprehensive Income for the quarter/period	25,672,055	68,915,803	64,714,388	63,440,210

SOFTLOGIC FINANCE PLC

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED SEPTEMBER 30, 2013

	6 Months ended 30-Sep-13 (Unaudited) Rs.	6 Months ended 30-Sep-12 (Unaudited) Rs.
Cash Flows from/(used in) Operating Activities		
Net Profit/(Loss) before Taxation	108,923,321	79,491,381
Adjustments for		
Depreciation	23,662,338	21,557,051
Amortisation of intangible assets	1,502,363	961,752
(Profit)/Loss on disposal of property, plant & equipment	(189,000)	(336,054)
Impairment for loans and receivables	122,185,823	22,304,506
Provision for staff retirement benefits	2,400,000	2,400,000
Interest expenses	994,741,008	613,248,727
Operating Profit before Working Capital Changes	1,253,225,853	739,627,362
(Increase)/Decrease in Lease and hire purchase receivables	(1,054,632,445)	(439,990,964)
(Increase)/Decrease in Loans and receivables	(961,435,261)	(608,241,548)
(Increase)/Decrease in Other non financial assets	(210,583,569)	(84,923,727)
Increase/(Decrease) in Due to banks	(496,438,141)	(110,651,461)
Increase/(Decrease) in Due to customers	14,045,480	1,520,977,338
Increase/(Decrease) in Other borrowed funds	2,410,023,423	(867,969,186)
Increase/(Decrease) in Other non financial liabilities	10,988,359	60,064,666
Cash Generated from/(used in) Operations	965,193,700	208,892,479
Interest paid	(994,741,008)	(613,248,727)
Taxes paid	-	-
Defined benefit plan costs paid	(672,200)	(875,000)
Net Cash from/(used in) Operating Activities	(30,219,508)	(405,231,248)
Cash Flows from/(used in) Investing Activities		
Purchase of property, plant & equipment	(20,160,342)	(33,621,560)
Addition to intangible assets	(4,135,609)	(125,879)
Proceeds from Sale of property, plant & equipment	189,000	572,609
Purchase/Sale of available for sale investments (net)	(30,147,322)	(57,716,792)
Net Cash from/(used in) Investing Activities	(54,254,273)	(90,891,622)
Cash Flows from/(used in) Financing Activities		
Proceeds from rights issue of shares	-	-
Dividend paid	(56,180,927)	(56,180,927)
Net Cash from/(used in) Financing Activities	(56,180,927)	(56,180,927)
Net Increase in Cash & Cash Equivalents	(140,654,707)	(552,303,798)
Cash & Cash Equivalents at the beginning of the period	1,217,178,823	1,035,628,978
Cash & Cash Equivalents at the end of the period	1,076,524,116	483,325,180
Reconciliation of Cash & Cash Equivalents		
Cash & Cash Equivalents	1,176,858,468	671,548,195
Bank Overdrafts	(100,334,352)	(188,223,015)
	1,076,524,116	483,325,180

SOFTLOGIC FINANCE PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2013

	Stated Capital	Retained Profit	Statutory Reserve Fund	Investment Fund Reserve	Available for Sale Reserve	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at April 1, 2012	1,003,230,820	79,286,493	12,657,138	20,929,338	(8,024,404)	1,108,079,385
Rights Issue of Shares	-	-	-	-	-	-
Net Profit for the period	-	62,677,529	-	-	-	62,677,529
Other comprehensive income for the period	-	-	-	-	762,681	762,681
Dividends	-	(56,180,927)	-	-	-	(56,180,927)
Transferred to/(from) during the period	-	(22,487,232)	11,065,008	11,422,224	-	-
Balance as at September 30, 2012	1,003,230,820	63,295,864	23,722,146	32,351,562	(7,261,723)	1,115,338,669
Balance as at April 1, 2013	1,003,230,820	130,122,021	42,839,262	47,687,252	(19,282,863)	1,204,596,492
Rights Issue of Shares	-	-	-	-	-	-
Net Profit for the period	-	71,575,769	-	-	-	71,575,769
Other comprehensive income for the period	-	-	-	-	(2,659,967)	(2,659,967)
Dividends	-	(56,180,927)	-	-	-	(56,180,927)
Transferred to/(from) during the period	-	(29,639,064)	14,315,154	15,323,910	-	-
Balance as at September 30, 2013	1,003,230,820	115,877,800	57,154,416	63,011,162	(21,942,830)	1,217,331,368

EXPLANATORY NOTES
FOR THE PERIOD ENDED SEPTEMBER 30, 2013

1. The Above figures are provisional and subject to audit.

2. Market Price per Share (Rs.)

Market Price - Highest (for the quarter ended Sep 30, 2013)	33.80
Market Price - Lowest (for the quarter ended Sep 30, 2013)	24.10
Market Price as at Sep 30, 2013	25.10

3. There are no changes in the accounting policies and methods of computations since the publication of annual accounts for the year ended March 31, 2013.

4. The Directors have recommended the payment of an interim dividend of Rs 1.50 per share for the financial year 2013/2014 and paid on July 24, 2013. No other circumstances have arisen since the balance sheet date, which would require adjustments to or disclosure in the interim financial statements.

5. The Interim Financial Statements are in compliance with Sri Lanka Accounting Standards LKAS 34 - Interim Financial Reporting and provide the information required by the Colombo Stock Exchange.

6. The presentation and classification of figures for the corresponding period of the previous year have been amended, where relevant, for better presentation and to be comparable with those of the current year.

7. Stated capital consists of 37,453,951 Ordinary Shares as at September 30, 2013.

8. There has been no significant change in the nature of the contingent liabilities, which were disclosed in the annual report for the year ended March 31, 2013.

SOFTLOGIC FINANCE PLC
EXPLANATORY NOTES (Contd.)
FOR THE PERIOD ENDED SEPTEMBER 30, 2013

9. List of Twenty Major Shareholders of the Company as at September 30, 2013

<u>Name</u>		<u>No. of Shares</u>	<u>(%)</u>
SOFTLOGIC CAPITAL PLC	14,507,788	23,361,123	62.37
PAN ASIA BANKING CORPORATION PLC / SOFTLOGIC CAPITAL PLC	8,853,335		
VANIK INCORPORATION PLC		5,376,068	14.35
L.B. FINANCE PLC		1,540,000	4.11
ROYAL CERAMICS LANKA PLC		1,042,200	2.78
WALDOCK MACKENZIE LIMITED / MR.L.P. HAPANGAMA		670,620	1.79
ASSOCIATED ELECTRICAL CORPORATION LTD		509,500	1.36
SOFTLOGIC HOLDINGS PLC		387,431	1.03
SEYLAN BANK PLC / W.D.N.H.PERERA		317,021	0.85
WALDOCK MACKENZIE LTD/ HI-LINE TRADING (PVT) LTD		315,620	0.84
WALDOCK MACKENZIE LTD/ MR.S.N.P.PALIHENA AND MRS. A.S PALIHENA		257,860	0.69
PATHIRAGE ASOKA KARIYAWASAM		168,000	0.45
A.H UDESHI		103,320	0.28
BANK OF CEYLON NO. 1 ACCOUNT		102,201	0.27
PAN ASIA BANKING CORPORATION PLC/INVEST COPIA CAPITAL (PVT) LTD		99,900	0.27
COMMERCIAL BANK OF CEYLON PLC/D S L INVESTMENTS (PVT) LTD		97,000	0.26
HEWAPATIRANA DHAMMIKA SAMPATH		92,800	0.25
OPULANT FUND (PVT) LTD		75,431	0.20
ABISHEK SITHATHAMBALAM		72,332	0.19
WALDOCK MACKENZIE LTD/MRS. G. SOYSA		66,000	0.18
M.M FUAD		65,955	0.18
		<hr/>	
		34,720,382	92.70
Others		<hr/>	
		2,733,569	7.30
		<hr/>	
		37,453,951	100.00
		<hr/>	

10. Directors' Shareholding as at September 30, 2013

<u>Names of Directors</u>	<u>No. of Shares</u>	<u>(%)</u>
Asoka Kariyawasam Pathirage (Chairman)	168,000	0.45
Nalin Hemantha Gamini Wijekoon (CEO)	9,666	0.03
Tuan Mihilar Ifthikar Ahamed	58,720	0.16
Baddegama Hevege Sirinimal Jayawardene	Nil	Nil
Chrysanthus John Emmanuel Corea	Nil	Nil
Dushan Travice Columban Soza	Nil	Nil
Saliya Wickremasinghe	Nil	Nil

11. The percentage of shares held by the public as at September 30, 2013 is 22.64%

SOFTLOGIC FINANCE PLC
EXPLANATORY NOTES (Contd.)
FOR THE PERIOD ENDED SEPTEMBER 30, 2013

12 RELATED PARTY TRANSACTIONS

Details of significant related party disclosures are as follows:

12.1 Transactions with Key Managerial Personnel (KMPs)

12.1.1 Key Managerial Personnel includes Members of the Board of Directors of the Company and of its Holding Company.

12.1.2 The following table provides the total amount of transactions which have been entered in to with Key Managerial Personnel and their close family members.

	Rs.
Deposits	7,139,846

12.1.3 Remuneration to Key Managerial Personnel amounted to Rs. 7,717,267/- for the period ended September 30, 2013

12.2 Transactions with Group Companies

The Company enters into transactions with group companies and the following tables shows the outstanding balances and corresponding transactions during the period.

	Relationship	Amount Due From	Loans & Advances Rs.	Borrowings/ Deposits Rs.	Income Earned Rs.	Cost Incurred Rs.	Plant & Equip. Purchased Rs.	Guarantees Obtained Rs.
Softlogic Capital PLC	Parent Company	-	-	-	-	15,816,324	-	25,000,000
Softlogic Corporate Services (Pvt) Ltd	Group Company	-	1,338,591	-	185,293	1,416,220	-	-
Asian Alliance Insurance PLC	Group Company	-	2,521,225	213,068,795	435,622	8,441,681	-	-
Uni Walkers (Pvt) Ltd	Affiliated Company	-	33,461,553	9,016,305	12,985,203	2,257,668	918,160	-
Softlogic Communications (Pvt) Ltd	Affiliated Company	-	30,651,182	-	3,438,016	-	-	-
Softlogic Computers (Pvt) Ltd	Affiliated Company	-	-	-	-	403,153	345,000	-
Softlogic Information Technologies (Pvt) Ltd	Affiliated Company	-	34,839,094	-	4,107,159	3,543,458	13,003,489	-
Future Automobiles (Pvt) Ltd	Affiliated Company	7,990,000	-	-	-	-	-	-

SOFTLOGIC FINANCE PLC
EXPLANATORY NOTES (Contd.)
FOR THE PERIOD ENDED SEPTEMBER 30, 2013

13. BUSINESS SEGMENT INFORMATION

The Company's segmental reporting is based on the following operating segments: Leasing, Hire purchase, other loans and receivables.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss, and in certain respects, are measured differently from operating profits or losses in the financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments.

	Leasing		Hire Purchases		Other Loans and Receivables		Unallocated		Total	
	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
Revenue										
Interest	307,669,514	266,679,388	817,869,370	444,653,140	390,680,422	262,898,798			1,516,219,306	974,231,327
Investment Income							65,921,247	45,132,092	65,921,247	45,132,092
Fee based income and others	10,665,569	7,998,532	30,237,212	13,569,243	15,214,807	8,570,177	149,868	30,660,168	56,267,456	60,798,119
Total Revenue	318,335,084	274,677,920	848,106,583	458,222,383	405,895,228	271,468,975	66,071,115	75,792,260	1,638,408,009	1,080,161,538
Profit/(Loss) before tax	21,163,296	20,214,131	56,383,138	33,721,558	26,984,399	19,977,978	4,392,487	5,577,713	108,923,321	79,491,381
Income tax expense									(37,347,551)	(16,813,852)
Profit after tax									71,575,769	62,677,529
Segment Assets	2,555,470,501	2,520,424,736	5,598,943,202	3,901,902,253	4,314,345,231	2,848,890,355	2,585,480,906	1,552,447,519	15,054,239,841	10,823,664,864
Segment Liabilities	2,348,827,427	2,260,704,281	5,146,195,720	3,499,825,644	3,965,474,226	2,555,322,731	2,376,411,100	1,392,473,539	13,836,908,473	9,708,326,195

CORPORATE INFORMATION

Name of the Company

Softlogic Finance PLC

Holding Company

Softlogic Capital PLC

Legal Form

Incorporated under the Companies Act No 17 of 1982

Date of Incorporation 24th August 1999.

Re-registered under the Companies Act No. 7 of 2007 on 29th September 2008.

Registered under the Finance Business Act No. 42 of 2011.

Registered under the Finance Leasing Act No. 56 Of 2000.

Approved Credit Agency under the Mortgage Act No 6 of 1949 and Inland Trust Receipts Act No 14 of 1990.

Quoted in the Colombo Stock Exchange on 22nd January 2009.

Registered under the Securities & Exchange Commission of Sri Lanka Act No. 36 of 1987 as Margin Provider

Company Registration Number

PB641PQ

Tax Payer Identification Number (TIN)

134008350

Accounting Year End

31st March

Registered Office

Level 2, No.33, Park Street

Colombo 2

Principal Place of Business

Level 2, No.33, Park Street, Colombo 2

Tel : 94-11- 2307284 - 8

Facsimile : 94 11 2307289

E-mail : leasing@softlogicfinance.lk

Website : www.softlogicfinance.lk

Board of Directors

Mr. Ashok Pathirage (Chairman)

Mr. Nalin Wijekoon (CEO)

Mr. Tuan Ifthikar Ahamed

Mr. B.H.S.Jayawardene

Mr. Chris Corea

Mr. Dushan Soza

Mr. Saliya Wickremasinghe

Management Committee

Mr. Nalin Wijekoon - Director/CEO

Mr. Tuan Ifthikar Ahamed - Director

Mr.Manjula Goonaratne -DCEO

Mr. Sanjaya Vithanage - DGM

Mr. Chamilantha Fernando - DGM

Mr. Nalinda Ranaraja - DGM

Mr. Rohana Dahanayake - AGM

Mr. Sampath Hewapathirana - AGM

Mr. Colin Samarathunga - AGM

Mr. Lasantha Perera - AGM

Mr. Gayan Jayatissa - SM

Mr. Shehan Uduwara - SM

Secretaries

P W Corporate Secretarial (Pvt) Ltd

Auditors

Messrs. PricewaterhouseCoopers

Chartered Accountants

Legal Advisors to the Company

Nithya Partners

Bankers

HSBC

DFCC Vardhana Bank

Sampath Bank

Bank of Ceylon

Commercial Bank

Seylan Bank

Hatton National Bank

Pan Asia Banking Corporation

People's Bank

Nations Trust Bank

Deutsche Bank

Branch Network

Badulla

No 30, Anagarika Dharmapala Mawatha

Tel: 055-5635072

Kandy

No. 165, Kotugodella Veediya

Tel: 081- 2224913

Polonnaruwa

No. 125, Batticaloe Road

Tel: 027-2226727

Chilaw

No. 28 B, Kurunegala Road

Tel: 032-2221415

Matara

No. 8C, F. N. Building, 2nd Floor, Station Road

Tel: 041-2220195

Ratnapura

No.1/200, Ground Floor, Main Street

Tel: 045-2230677

Galle

No. 64, Colombo Road, Kaluwella

Tel: 091-2226501

Nuwara Eliya

No. 36, 1st Floor, Unit 6, Park Road

Tel: 052-2223382

Negombo

No. 121 & 123, St. Josephs Street

Tel: 031-2224714

Embilipitiya

No.176, Rathnapura Road, Pallegama

Tel: 047-2230590

Metro Branch

No. 315,R.A.De Mel Mawatha , Colombo 03

Tel: 011-2577455

Dambulla

No.719, Anuradhapura Road

Tel: 066-2284737

Kadawatha

No. 139/7/D, Kandy Road

Tel: 011-2923011

Kurunegala

No. 13, Rajapihilla Road

Tel: 037-2232875

Nawala

No.305B, Nawala Road

Tel: 011-2807080

Jaffna

No.55,57 & 59, Kasthurir Road

Tel: 021-2219444

Anuradhapura

No. 561/11, Maithreepala Senanayaka Mawatha, New Town

Tel: 025-2226279