

**INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD OF SIX MONTHS ENDED SEPTEMBER 30, 2012**

SOFTLOGIC FINANCE PLC
(Company Registration No. PB641PQ)

SOFTLOGIC FINANCE PLC
INTERIM BALANCE SHEET

(All amounts in Sri Lanka Rupees)

	As at 30 th September 2012	As at 30 th September 2011	As at 31 st March 2012
	(Unaudited)	(Unaudited)	(Audited)
ASSETS			
Bank & Cash Balances	263,863,953	52,617,713	278,658,957
Investment in Government Securities	788,543,287	190,687,144	727,208,119
Placements with Banks & Financial Institutions	266,095,565	79,500,000	204,500,000
Investment in Dealing Securities	128,965,178	23,626,509	70,485,704
Investment in Commercial Papers	26,588,679	10,000,000	25,787,500
Prepayments & Other Receivable	524,875,112	391,561,186	445,620,745
Amount Due From Related Companies	-	5,396,000	-
Loans & Advances	1,913,080,015	1,477,125,407	1,771,804,079
Lease & Hire Purchase Rentals Receivables	6,411,518,365	5,374,080,161	6,006,771,372
Pawning Advances	258,888,834	256,740,002	255,139,268
Advances for Margin Trading	7,202,189	71,449,910	81,161,047
Vehicle Stocks	10,735,033	-	-
Trading Stock of Vehicles	-	28,567,532	10,208,786
Trading Stock of Real Estates	39,058,097	16,647,132	39,258,097
Property, Plant & Equipment	194,654,311	106,656,740	183,662,230
TOTAL ASSETS	10,834,068,616	8,084,655,437	10,100,265,904
LIABILITIES			
Bank Overdrafts	188,223,015	-	68,318,529
Time Deposits	6,105,218,478	3,144,709,878	4,613,210,866
Certificates of Deposits	11,494,613	-	9,204,613
Savings Deposits	86,114,372	45,671,189	59,434,647
Borrowings	2,681,248,544	3,148,882,049	3,665,875,282
Trade & Other Payables	561,467,217	606,449,219	481,266,094
Deferred Liabilities	85,463,429	75,630,329	87,261,034
TOTAL LIABILITIES	9,719,229,666	7,021,342,664	8,984,571,065
SHARE HOLDERS' FUNDS			
Stated Capital	1,003,230,820	1,003,230,820	1,003,230,820
Statutory Reserve Fund	23,722,145	10,038,034	12,657,137
Investment Fund Reserve	32,351,562	13,269,067	20,929,338
Retained Earnings	55,534,423	36,774,852	78,877,544
TOTAL SHARE HOLDERS' FUNDS	1,114,838,950	1,063,312,773	1,115,694,839
TOTAL LIABILITIES AND SHARE HOLDERS' FUNDS	10,834,068,616	8,084,655,437	10,100,265,904
Net Assets Per Share	29.77	28.39	29.79

I Certify that these interim financial statements have been prepared 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 the preparation and presentation of these interim financial statements.
These interim financial statements were authorized for issue by the Board of Directors on November 9, 2012.
Signed for and on behalf of the Board of Directors by;

(Sgd.) A.K. Pathirage
Chairman

(Sgd.) P.M.B.Fernando
Director/CEO

SOFTLOGIC FINANCE PLC
INTERIM INCOME STATEMENT

(All amounts in Sri Lanka Rupees)

	6 months ended 30 th September	
	2012	2011
	(Unaudited)	(Unaudited)
GROSS INCOME	1,066,859,917	639,971,675
Interest Income	1,028,390,023	609,415,708
Interest Expenses	612,576,258	305,213,496
INCOME NET OF INTEREST	415,813,764	304,202,212
Other Income	38,469,894	30,555,967
NET OPERATING INCOME	454,283,658	334,758,179
OPERATING EXPENSES		
Personnel Costs	108,746,037	85,284,738
Staff Retirement Benefits	2,400,000	2,100,000
Provision For Bad & Doubtful Debts	17,027,845	8,568,129
Administrative and general expenses	238,626,425	145,357,210
	366,800,306	241,310,076
PROFIT BEFORE TAX AND VAT ON FINANCIAL SERVICES	87,483,352	93,448,103
VAT on Financial Services	15,344,463	14,100,132
PROFIT BEFORE INCOME TAX	72,138,889	79,347,971
Income Tax Expense	16,813,852	26,096,867
NET PROFIT FOR THE PERIOD	55,325,038	53,251,104
Basic Earnings Per Share	1.48	1.76

SOFTLOGIC FINANCE PLC

INTERIM CASH FLOW STATEMENT

(All amounts in Sri Lanka Rupees)	6 months ended 30 th September	
	2012	2011
	(Unaudited)	(Unaudited)
Cash Flow from Operating Activities		
Net Profit before income tax	72,138,889	79,347,971
Adjustments for		
Depreciation	22,518,803	9,351,385
(Profit) on Disposal of Property, Plant & Equipment	(336,054)	-
(Income)/Loss from Dealing Securities	(753,591)	3,960,993
(Profit) from Sale of Trading Vehicles	(1,726,522)	(884,918)
Provision for bad and doubtful debts	17,027,845	8,568,129
Provision for Defined Benefit Plans	2,400,000	2,100,000
Interest Expenses	612,576,258	305,213,496
Operating Profit before Working Capital Changes	723,845,629	407,657,056
(Increase) in Prepayments & Other Receivable	(79,254,367)	(157,958,502)
(Increase) in Amount Due From Related Companies	-	(5,396,000)
(Increase) in Loans & Advances	(141,275,936)	(1,193,169,322)
(Increase) in Lease & Hire Purchase Rentals Receivables	(421,774,837)	(2,011,319,857)
(Increase) in Pawning Advances	(3,749,567)	(132,417,893)
Decrease/(Increase) in Advances for Margin Trading	73,958,859	(71,449,910)
(Increase)/ Decrease in Vehicle Stocks	(10,735,033)	4,855,172
Decrease in Trading Stock of Real Estates	200,000	-
Net increase Public Deposits	1,520,977,337	1,605,574,074
Net (decrease)/Increase from Borrowings	(984,626,739)	1,196,095,972
Increase in Trade & Other Payables	60,064,667	339,641,513
Cash Generated from/(used in) Operations	737,630,011	(17,887,697)
Interest Paid	(612,576,258)	(305,213,496)
Income tax paid	-	(70,227)
Defined Benefit Plan Costs Paid	(875,000)	-
Purchase of Trading Vehicles	-	(36,690,805)
Proceeds from Sale of Trading Vehicles	11,935,309	9,008,191
Net Cash from/(used in) Operating Activities	136,114,062	(350,854,034)
Cash Flows from/(used in) Investing Activities		
Purchase of Property, Plant & Equipment	(33,747,439)	(76,421,116)
Proceeds from Sale of Property, Plant & Equipment	572,609	-
Purchase/Sale of Investments (net)	(181,457,795)	(8,549,194)
Net Cash (used in) Investing Activities	(214,632,625)	(84,970,310)
Cash Flows from/(used in) Financing Activities		
Dividend Paid	(56,180,927)	(56,180,927)
Proceeds from Rights Issue of Shares	-	535,056,450
Net Cash (used in)/from Financing Activities	(56,180,927)	478,875,524
Net (Decrease)/Increase in Cash & Cash Equivalents	(134,699,490)	43,051,180
Cash & Cash Equivalents at the beginning of the period	210,340,428	9,566,533
Cash & Cash Equivalents at the end of the period	75,640,938	52,617,713
Reconciliation of Cash & Cash Equivalents		
Cash & Bank Balances	263,863,953	52,617,713
Bank Overdrafts	(188,223,015)	-
	75,640,938	52,617,713

SOFTLOGIC FINANCE PLC
INTERIM STATEMENT OF CHANGES IN EQUITY

(All amounts in Sri Lanka Rupees)

	Stated Capital	Statutory Reserve Fund	Investment Fund Reserve	Retained Earnings	Total
Balance as at April 1, 2011	468,174,370	7,375,479	-	55,636,296	531,186,145
Rights Issue of Shares	535,056,450	-	-	-	535,056,450
Net Profit for the Period	-	-	-	53,251,104	53,251,104
Dividends	-	-	-	(56,180,927)	(56,180,927)
Transferred to/(from) during the period	-	2,662,555	13,269,067	(15,931,622)	-
Balance as at September 30, 2011	<u>1,003,230,820</u>	<u>10,038,034</u>	<u>13,269,067</u>	<u>36,774,852</u>	<u>1,063,312,773</u>
Balance as at April 1, 2012	1,003,230,820	12,657,137	20,929,338	78,877,544	1,115,694,839
Net Profit for the Period	-	-	-	55,325,038	55,325,038
Dividends	-	-	-	(56,180,927)	(56,180,927)
Transferred to/(from) during the period	-	11,065,008	11,422,224	(22,487,232)	-
Balance as at September 30, 2012	<u>1,003,230,820</u>	<u>23,722,145</u>	<u>32,351,562</u>	<u>55,534,423</u>	<u>1,114,838,950</u>

EXPLANATORY NOTES
FOR THE PERIOD OF SIX MONTHS ENDED SEPTEMBER 30, 2012

1. All figures are provisional and subject to audit.

2. Market Price per Share (Rs.)

Market Price - Highest (for the period)	39.50
Market Price - Lowest (for the period)	25.20
Market Price as at September 30, 2012	30.80

3. There are no changes in the accounting policies and methods of computations since the publication of annual financial statements for the year ended March 31, 2012.

4. Interim dividend of Rs. 1.50 per share was paid on June 21, 2012 for the financial year ended March 31, 2013.

5. There are no material events that have taken place subsequent to the interim balance sheet date, which require additional disclosures in the interim financial statements.

6. The Interim Financial Statements are in compliance with Sri Lanka Accounting Standards SLAS 35 - Interim Financial Reporting and provide the information required by the Colombo Stock Exchange.

7. 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 period.

8. Stated capital consists of 37,453,951 Ordinary Shares as at September 30, 2012.

9. 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, 2012.

SOFTLOGIC FINANCE PLC
EXPLANATORY NOTES (Contd.)
FOR THE PERIOD OF SIX MONTHS ENDED SEPTEMBER 30, 2012

10. The Institute of Chartered Accountants of Sri Lanka had issued a new volume of Accounting Standards which have become applicable for financial periods beginning on or after 1 January 2012. The Company is required to prepare interim financial statements in accordance with "LKAS 34 - Interim Financial Reporting". However, the Institute of Chartered Accountants of Sri Lanka has allowed companies to prepare interim financial statements during the first financial year commencing on or after 1st January 2012 in accordance with the Sri Lanka Accounting Standards (SLASs) which existed immediately prior to 1st January 2012, with disclosures on impact to the statement of comprehensive income for the period and net assets based on SLFRS/LKAS.

The Company is in the process of quantifying the impact to the net assets as well as to the statement of comprehensive income for the period based on SLFRS/LKAS, which will be disclosed in the future reporting.

11. List of Twenty Major Shareholders of the Company as at September 30, 2012

<u>Name</u>	<u>No. of Shares</u>	<u>(%)</u>
NDB/Softlogic Capital PLC	9,582,446	25.58
Pan Asia Banking Corporation/Softlogic Capital PLC	8,853,335	23.64
Vanik Incorporation Ltd	5,376,068	14.35
Softlogic Capital PLC	5,134,427	13.71
LB Finance PLC	1,540,000	4.11
Royal Ceramic Lanka PLC	1,042,200	2.78
Waldock Mackenzie Ltd/Mr. L. P. Hapangama	628,620	1.68
Associated Electrical Corporation Ltd	427,500	1.14
Seylan Bank PLC/W D N H Perera	334,521	0.89
Waldock Mackenzie Ltd/HI-Line Trading (Pvt) Ltd	315,620	0.84
Waldock Mackenzie Ltd/Mr. S.N.P. Paliheena & Mrs. A S Paliheena	300,000	0.80
Mr. A.K. Pathirage	168,000	0.45
Commercial Bank of Ceylon PLC/D S L Investments (Pvt) Ltd	107,000	0.29
Mr. A.H Udeshi	103,320	0.28
Bank of Ceylon No. 1 Account	102,201	0.27
Pan Asia Banking Corporation/Invest Copia Capital (Pvt) Ltd	99,900	0.27
Mr. D. S. Hewapathirana	94,440	0.25
Mr. S. Abishek	72,332	0.19
Softlogic Credit Ltd	70,300	0.19
Waldock Mackenzie Ltd/Mrs. G. Soysa	66,000	0.18
Mr. M. M. C. J. Fernandopulle	61,000	0.16
Mr. T.M.I Ahamed	58,720	0.16
	<u>34,537,950</u>	<u>92.21</u>
Others	<u>2,916,001</u>	<u>7.79</u>
	<u>37,453,951</u>	<u>100.00</u>

12. Directors' Shareholding

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

	As at 30-Sep-12	As at 31-Mar-12
Asoka Kariyawasam Pathirage (Chairman)	168,000	168,000
Pattage Mayurasiri Bandula Fernando (CEO)	8,040	8,040
Nalin Hemantha Gamini Wijekoon	9,666	9,666
Tuan Mihilar Ifthikar Ahamed	58,720	28,900
Baddegama Hevege Sirinimal Jayawardene	Nil	Nil
Chrysanthus John Emmanuel Corea	Nil	Nil
Dushan Travece Columban Soza	Nil	Nil
Saliya Wickremasinghe	Nil	Nil

13. The percentage of shares held by the public as at September 30, 2012 is 22.82%

SOFTLOGIC FINANCE PLC
EXPLANATORY NOTES (Contd.)
FOR THE PERIOD OF SIX MONTHS ENDED SEPTEMBER 30, 2012

14 RELATED PARTY TRANSACTIONS

Details of significant related party disclosures are as follows:

14.1 Transactions with Key Managerial Personnel (KMPs)

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

14.1.2 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	2,295,558

14.1.3 Remuneration to Key Managerial Personnel amounted to Rs. 7,375,536/- for the period ended September 30, 2012

14.2 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	Loans & Advances Rs.	Borrowings/ Deposits Rs.	Income Earned Rs.	Cost Incurred Rs.	Plant & Equip. Purchased Rs.	Guarantees Obtained Rs.
Softlogic Capital PLC	Parent Company	-	-	-	12,122,450	-	25,000,000
Softlogic Credit Ltd	Group Company	-	-	10,003,021	-	-	-
Softlogic Corporate Services (Pvt) Ltd	Group Company	3,677,456	183,446	385,321	1,407,864	-	-
Asian Alliance Insurance PLC	Group Company	3,447,717	169,820,598	177,559	13,505,554	-	-
Uni Walkers (Pvt) Ltd	Affiliated Company	38,994,008	25,312,088	6,704,030	1,546,250	3,811,095	-
Softlogic Communications (Pvt) Ltd	Affiliated Company	30,696,150	-	1,876,656	4,887	58,644	-
Softlogic Computers (Pvt) Ltd	Affiliated Company	-	-	-	43,022	645,330	-
Softlogic Information Technologies (Pvt) Ltd	Affiliated Company	35,000,000	-	1,363,562	642,799	7,894,352	-

SOFTLOGIC FINANCE PLC
EXPLANATORY NOTES (Contd.)
FOR THE PERIOD OF SIX MONTHS ENDED SEPTEMBER 30, 2012

15. BUSINESS SEGMENT INFORMATION

	Leasing		Hire Purchases		Other Loans and Advances		Unallocated		Total	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Revenue										
Interest	267,810,729	163,076,498	415,726,318	315,355,369	271,820,501	114,868,799			955,357,548	593,300,666
Investment Income	-	-	-	-	-	-	73,032,475	16,115,042	73,032,475	16,115,042
Fee based income and others	8,576,818	4,329,482	8,612,092	6,953,036	17,035,265	2,604,384	3,492,129	20,630,059	37,716,304	34,516,960
Profit/(Loss) from Dealing Securities							753,591	(3,960,993)	753,591	(3,960,993)
Total Revenue	276,387,547	167,405,980	424,338,410	322,308,405	288,855,766	117,369,073	77,278,194	32,784,108	1,066,859,917	639,971,675
Profit/(Loss) before tax	18,688,762	20,759,491	28,692,897	39,968,455	19,531,837	14,554,571	5,225,394	4,065,454	72,138,889	79,347,971
Taxation									16,813,852	26,096,867
Profit after tax									55,325,038	53,251,104
Segment Assets	2,517,860,061	2,092,187,446	3,893,658,304	3,282,838,295	2,179,171,038	1,733,865,409	2,243,379,214	975,764,287	10,834,068,616	8,084,655,437
Segment Liabilities	2,258,769,172	2,055,314,462	3,492,996,089	3,577,337,969	1,954,931,665	1,031,455,487	2,012,532,741	357,234,746	9,719,229,666	7,021,342,664

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 Companies Act No. 78 of 1988.

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 January 22, 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

No.1, Lake Crescent
Colombo 2

Principal Place of Business

No 1, Lake Crescent, 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 Pathirige (Chairman)
Mr. Mayura Fernando (CEO)
Mr. Nalin Wijekoon
Mr. B.H.S.Jayawardene
Mr. Tuan Ifthikar Ahamed
Mr. Chris Corea
Mr. Dushan Soza
Mr. Saliya Wickremasinghe

Management Committee

Mr. Mayura Fernando - Director/CEO
Mr. Nalin Wijekoon - Director
Mr. Tuan Ifthikar Ahamed - Director
Mr. Sudath Jayawardena - GM
Mr. Sanjaya Vithanage - DGM
Mr. Shihan Nanayakkara - DGM
Mr. Chamilantha Fernando - DGM
Mr. Rohana Dahanayake - AGM
Mr. Sampath Hewapathirana - AGM
Mr. Dilhan Manoj Kumar - AGM
Mr. Nalinda Ranaraja - AGM
Mr. Colin Samarathunga - AGM
Mr. Lasantha Perera - SM
Mr. Gayan Jayatissa - SM
Mr. Shehan Uduwara - SM
Ms. Shalika Hewawickrama - M
Ms. Nirasha Irugalbandara - M

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, Kasthuriar Road
Tel: 021-2219444

Anuradhapura

No. 561/11, Maithreepala Senanayaka Mawatha, Nev
Tel: 025-2226279