# **INTERIM FINANCIAL STATEMENTS** FOR THE YEAR ENDED MARCH 31, 2013 **SOFTLOGIC FINANCE PLC** (Company Registration No. PB641PQ)

# BALANCE SHEET

AS AT MARCH 31, 2013

	31/03/2013	31/03/2012
	(Unaudited)	(Audited)
	Rs.	Rs.
ASSETS		
Bank & Cash Balances	583,954,825	278,658,957
Investment In Government Securities	1,119,104,356	727,208,119
Placements with Banks & Financial Institutions	369,560,014	204,500,000
Investment in Dealing Securities	193,667,661	70,485,704
Investment in Commercial Papers	28,277,533	25,787,500
Prepayments & Other Receivable	679,138,124	445,620,745
Loans & Advances	2,274,896,918	1,771,804,079
Lease & Hire Purchase Rentals Receivables	7,220,522,572	6,006,771,372
Pawning Advances	436,511,829	255,139,268
Margin Trading	3,588,175	81,161,047
Vehicle Stock	56,667,169	-
Vehicle Stock - Trading	48,567,503	10,208,786
Real Estate Stock	37,858,097	39,258,097
Property, Plant & Equipment	186,167,283	183,662,230
		·
TOTAL ASSETS	13,238,482,059	10,100,265,904
LIABILITIES		
Bank Overdrafts	255,327,142	68,318,529
Time Deposits	6,855,625,180	4,613,210,866
Certificate of Deposits	2,290,000	9,204,613
Savings Deposits	97,035,867	59,434,647
Borrowings	4,005,605,681	3,665,875,282
Trade & Other Payables	737,537,367	481,266,094
Deferred Liabilities	77,997,915	87,261,034
TOTAL LIABILITIES	12,031,419,152	8,984,571,065
SHARE HOLDERS' FUNDS		
Stated Capital	1,003,230,820	1,003,230,820
Reserve Fund	43,229,905	12,657,137
Investment Fund Reserve	47,687,252	20,929,338
Retained Profit	112,914,930	78,877,544
SHARE HOLDERS' FUNDS	1,207,062,907	1,115,694,839
TOTAL LIABILITIES AND SHADE HOLDERS' FUNDS	42 220 402 050	40 400 3/5 001
TOTAL LIABILITIES AND SHARE HOLDERS' FUNDS	13,238,482,059	10,100,265,904
N	20.00	20 =2
Net Assets Per Share	32.23	29.79

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.) N.H.G.Wijekoon CEO/Director

Date: May 29, 2013

# SOFTLOGIC FINANCE PLC

# INCOME STATEMENT

# FOR THE YEAR ENDED MARCH 31, 2013

	3 Months ended 31-Mar-13 (Unaudited)	3 Months ended 31-Mar-12 (Unaudited)	Year ended 31-Mar-13 (Unaudited)	Year ended <b>31-Mar-12</b> (Audited)
	Rs.	Rs.	Rs.	Rs.
GROSS INCOME	717,232,974	500,600,987	2,413,473,503	1,589,489,122
Interest Income	666,888,080	486,959,804	2,260,417,811	1,530,913,842
Interest Expenses	(409,837,412)	(264,030,997)	(1,387,638,392)	(789,931,673)
INCOME NET OF INTEREST	257,050,668	222,928,807	917,958,319	740,982,169
Other Income	50,344,894	13,641,183	153,055,692	58,575,280
NET OPERATING INCOME	307,395,562	236,569,990	1,025,835,111	799,557,449
OPERATING EXPENSES				
Personnel Costs Staff Retirement Benefits Provision For Bad & Doubtful Debts Administrative & General Expenses	61,148,532 1,200,000 (2,480,155) 166,102,824 225,971,201	53,705,797 411,686 (23,410,577) 170,444,758 201,151,664	233,937,706 4,800,000 40,491,950 528,734,073 807,963,729	210,538,546 3,561,686 8,893,475 396,829,735 619,823,442
PROFIT BEFORE TAX & VAT ON FINANCIAL SERVICES	81,424,361	35,418,326	217,871,382	179,734,007
VAT on Financial Services	11,897,398	7,365,468	35,998,543	30,062,219
PROFIT BEFORE INCOME TAX	69,526,963	28,052,858	181,872,839	149,671,788
Income Tax Expense	4,765,795	2,428,398	29,008,998	44,038,618
Net Profit for the Period/Year	64,761,167	25,624,460	152,863,841	105,633,170
Earnings Per Share (Rs.)	1.73	0.68	4.08	3.20

Date: May 29, 2013

# CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2013

	2012/2013 (Unaudited)	<b>2011/2012</b> (Audited)
	Rs.	Rs.
Cash Flows from/(used in) Operating Activities		
Net Profit/(Loss) before Taxation	181,872,839	149,671,788
Adjustments for		
Depreciation  (Profit) (Loss on Disposal of Proporty, Plant & Equipment	46,008,672	27,629,123
(Profit)/Loss on Disposal of Property, Plant & Equipment (Income)/Loss from Dealing Securities	(744,970)	(183,024) 7,101,799
(Profit)/Loss from Sale of Vehicles	(24,309,831) (1,726,522)	(4,589,409)
Provision for Loan Losses	40,491,950	8,893,475
Provision for defined benefit Plans	4,800,000	3,561,686
Interest Expenses	1,387,638,392	789,931,673
Operating Profit before Working Capital Changes	1,634,030,530	982,017,111
(Increase)/Decrease in Lease & Hire Purchase Rental Receivable	(1,254,243,149)	(2,644,336,415)
(Increase)/Decrease in Loans & Advances	(503,092,839)	(1,487,847,994)
(Increase)/Decrease in Pawning Debtors	(181,372,561)	(130,817,159)
(Increase)/Decrease in Margin Trading	77,572,872	(81,161,047)
(Increase)/Decrease in Vehicle Stocks	(56,667,169)	4,855,172
(Increase)/Decrease in Prepayments & Other Receivable	(233,517,379)	(212,018,060)
(Increase)/Decrease in amounts due from Related Companies		-
(Increase)/Decrease in Real Estate Stocks	1,400,000	(22,610,965)
Increase/(Decrease) in Public Deposits	2,273,100,922	3,097,043,133
Increase/(Decrease) in Borrowings	339,730,398	1,713,089,206
Increase/(Decrease) in in Trade & Other Payables	239,025,839	214,458,388
Cash Generated from/(used in) Operations	2,335,967,464	1,432,671,370
Interest Paid	(1,387,638,393)	(789,931,673)
Taxes Paid	(22,514,183)	(7,772,960)
Defined Benefit Plan Costs Paid	(3,312,500)	(70,000)
Purchase of Vehicles	(48,567,505)	(36,690,805)
Proceeds from Sale of Vehicles	11,935,309	31,071,428
Net Cash from/(used in) Operating Activities	885,870,192	629,277,360
Cash Flows from/(used in) Investing Activities		
Purchase of Property, Plant & Equipment	(48,953,111)	(171,965,422)
Proceeds from Sale of Property, Plant & Equipment	1,184,359	444,103
Temporary reduction in carrying value of Equity Securities	(5,314,846)	-
Purchase/Sale of Investments (net)	(658,318,411)	(735,857,669)
Net Cash from/(used in) Investing Activities	(711,402,011)	(907,378,988)
Cash Flows from/(used in) Financing Activities		
Proceeds from Rights Issue of Shares	-	535,056,450
Dividend Paid	(56,180,927)	(56,180,927)
Net Cash from/(used in) Financing Activities	(56,180,927)	478,875,523
Net Increase in Cash & Cash Equivalents	118,287,255	200,773,895
Cash & Cash Equivalents at the beginning of the year	210,340,428	9,566,533
Cash & Cash Equivalents at the end of the year	328,627,683	210,340,428
Reconciliation of Cash & Cash Equivalents		
Cash & Bank Balance	583,954,825	278,658,957
Bank Overdrafts	(255,327,142)	(68,318,529)
Date: May 29, 2013	328,627,683	210,340,428

Date: May 29, 2013

## SOFTLOGIC FINANCE PLC

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31,2013

	Stated Capital	Retained Profit	Reserve Fund	Investment Fund Reserve	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at April 1, 2011	468,174,370	55,636,297	7,375,478	-	531,186,145
Rights Issue of Shares	535,056,450	-	-	-	535,056,450
Net Profit for the Year	-	105,633,170	-	-	105,633,170
Dividends	-	(56,180,926)	-	-	(56,180,926)
Transferred to/(from) during the Year	-	(26,210,997)	5,281,659	20,929,338	-
Balance as at March 31, 2012	1,003,230,820	78,877,544	12,657,137	20,929,338	1,115,694,839
Rights Issue of Shares	-	-	-	-	-
Net Profit for the Year	-	152,863,841	-	-	152,863,841
Dividends	-	(56,180,927)	-	-	(56,180,927)
Temporary reduction in carrying value		(5,314,846)	-	-	(5,314,846)
of Equity Securities					
Transferred to/(from) during the Year	-	(57,330,682)	30,572,768	26,757,914	-
<u> </u>					-
Balance as at March 31, 2013	1,003,230,820	112,914,930	43,229,905	47,687,252	1,207,062,907

Date: May 29, 2013

# EXPLANATORY NOTES FOR THE YEAR ENDED MARCH 31, 2013

- 1. The Above figures are provisional and subject to audit.
- 2. Market Price per Share (Rs.)

Market Price - Highest (for the quarter ended Mar 31, 2013)	28.90
Market Price - Lowest (for the quarter ended Mar 31, 2013)	20.50
Market Price as at March 31, 2013	25.50

- 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, 2012.
- 4. There are no other material events that have taken place subsequent to the Interim Accounts, which require disclosure.
- 5. The Interim Financial Statements are in compliance with Sri Lanka Accounting Standards 35 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 March 31, 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, 2012.
- 9. Interim dividend of Rs. 1.50 per share was paid on June 21, 2012 for the financial year ended March 31, 2013.

# SOFTLOGIC FINANCE PLC EXPLANATORY NOTES (Contd.) FOR THE YEAR ENDED MARCH 31, 2013

# 10. List of Twenty Major Shareholders of the Company as at March 31, 2013 $\,$

<u>Name</u>		No. of Shares	(%)
SOFTLOGIC CAPITAL PLC	14,504,355	23,357,690	62.36
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		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.PALIHENA AND MRS. A.S PALIHENA		300,000	0.80
SOFTLOGIC HOLDINGS PLC		282,818	0.76
PATHIRAGE ASOKA KARIYAWASAM		168,000	0.45
COMMERCIAL BANK OF CEYLON PLC/D S L INVESTMENTS (PVT) LTD		107,000	0.29
UDESHI ANANT HARGOVIND		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
MAHIBALAN MURUGESU		94,600	0.25
HEWAPATIRANA DHAMMIKA SAMPATH		94,210	0.25
DE SARAM WEERATHUNGA ARACHCHIGE SAMPATH PALITHA		77,603	0.21
ABISHEK SITHATHAMBALAM		72,332	0.19
WALDOCK MACKENZIE LTD/MRS. G. SOYSA		66,000	0.18
		34,590,203	92.35
Others		2,863,748	7.65
		37,453,951	100.00

# 11. Directors' Shareholding as at March 31, 2013

Names of Directors	No. of Shares	(%)
Asoka Kariyawasam Pathirage (Chairman)	168,000	0.45
Pattage Mayurasiri Bandula Fernando (Ceased to be a Director as of Jan 31,2013)	-	-
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 Emmanual Corea	Nil	Nil
Dushan Travice Columban Soza	Nil	Nil
Saliya Wickremasinghe	Nil	Nil

<sup>12.</sup> The percentage of shares held by the public as at March 31, 2013 is  $\,$  22.65%

# SOFTLOGIC FINANCE PLC EXPLANATORY NOTES (Contd.) FOR THE YEAR ENDED MARCH 31, 2013

## 13 RELATED PARTY TRANSACTIONS

Details of significant related party disclosures are as follows:

# 13.1 Transactions with Key Managerial Personnel (KMPs)

- 13.1.1 Key Managerial Personnel includes Members of the Board of Directors of the Company and of it's Holding Company.
- 13.1.2 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 3,217,558

13.1.3 Remuneration to Key Managerial Personnel amounted to Rs. 12,861,760/- for the year ended March 31, 2013

# 13.2 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	-	-	-	27,428,573	-	25,000,000
Softlogic Credit Ltd	Group Company	-	-	10,003,021	923,345	-	-
Softlogic Corporate Services (Pvt) Ltd	Group Company	2,559,362	-	1,060,412	4,248,660	-	-
Asian Alliance Insurance PLC	Group Company	3,015,646	169,820,598	684,422	41,166,333	-	-
Uni Walkers (Pvt) Ltd	Affiliated Company	34,898,596	9,001,454	23,622,124	6,758,347	3,822,885	-
Softlogic Communications (Pvt) Ltd	Affiliated Company	30,684,809	-	6,357,745	17,318	58,644	-
Softlogic Computers (Pvt) Ltd	Affiliated Company	-	-	-	699,675	1,036,530	-
Softlogic Information Technologies (Pvt) Ltd	Affiliated Company	34,877,316	-	5,106,912	4,663,504	14,567,026	-

# SOFTLOGIC FINANCE PLC EXPLANATORY NOTES (Contd.) FOR THE YEAR ENDED MARCH 31, 2013

## 14. BUSINESS SEGMENT INFORMATION

_	Leasing	g	Hire Purc	Hire Purchases		nd Advances	Unallocated		Tota	al
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue										
Interest	556,553,913	409,874,776	967,245,472	698,121,790	600,487,140	375,514,400			2,124,286,525	1,483,510,966
Investment Income							136,131,286	47,402,874	136,131,286	47,402,874
Fee based income and others	8,021,348	8,576,818	17,361,307	8,612,092	16,877,598	17,035,265	86,485,608	31,452,905	128,745,861	65,677,080
Profit/(Loss) from Dealing Securities							24,309,831	(7,101,798)	24,309,831	(7,101,798
Total Revenue	564,575,261	418,451,594	984,606,779	706,733,882	617,364,738	392,549,665	246,926,724	71,753,981	2,413,473,503	1,589,489,122
Profit/(Loss) before tax	42,544,865	39,402,848	74,197,305	66,548,505	46,522,938	36,963,833	18,607,730	6,756,603	181,872,839	149,671,788
Taxation									29,008,998	44,038,618
Profit after tax									152,863,841	105,633,170
Segment Assets	2,489,686,021	2,390,517,947	4,730,836,551	3,616,253,425	2,714,996,922	2,108,104,394	3,302,962,566	1,985,390,138	13,238,482,059	10,100,265,904
Segment Liabilities	2,262,680,566	2,126,456,727	4,299,486,696	3,216,795,102	2,467,447,991	1,875,239,119	3,001,803,900	1,766,080,116	12,031,419,152	8,984,571,065

#### 15. RECONCILIATION- IFRS IMPACT TO THE SLAS BASED ACCOUNTS

The Institute of Chartered Accountants of Sri Lanka (the "ICASL") 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 "IKAS 34 – Interim Financial Reporting". However in accordance with ruling issued by the ICASL on "the Comparative Figures in the Interim Financial Statements" the Company has adopted option 2 given in the ruling whereby these interim financial statements are prepared accordance with the Sri Lanka Accounting Standards that existed immediately prior to 1 January 2012 (SLASs). Disclosures on impact to the Statement of Comprehensive Income for the period and Net Assets, if these Interim Financial Statements are prepared in accordance with SLFRSs/LKASs are given below.

		Impact on						
	Description	Profit	Other comprehe nsive income	Profit	Other comprehe nsive income	net assets as of 31 March 2013	net assets as of 31 March 2012	net assets as of 31 March 2011
		2013	•	2012				
	General provision made on loans and advances are replaced with individual impairment for individually significant loans and other loans are tested collectively for impairment.		N/A	Increased by Rs 10.297 Mn	N/A	Increased by Rs 13.03 Mn	Decreased by Rs 1.8 Mn	Decreased by Rs 12.09Mn
financial assets FVTP&L			N/A	N/A	N/A	N/A	N/A	N/A
Financial assets - Available-	AFS investments are recorded at fair value at initial and subsequent measurement. Resulting fair value movements are recorded as component in Equity.		Increased by Rs 3.2 Mn	Increased by Rs 8.024 Mn	Decrease d by Rs 8.024 Mn	Increased by Rs 5.52 Mn	Decreased by Rs 8.024 Mn	No significant impact
Application of effective interest rate	Transaction costs relate to financial liabilities (other liabilities) are amortised based on the EIR	No significant impact	N/A	Decreased by Rs 3.36Mn	N/A	Decreased by Rs 6.59Mn	Decreased by Rs 5.82Mn	Decreased by Rs 2.46Mn

#### 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 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. 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 Mrs. Nirasha Irugalbandara - M

Mr. Priyankara Senavirathne - M

#### Secretaries

P W Corporate Secretarial (Pvt) Ltd

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

Deutche Bank

#### **Branch Network**

#### Badulla

No 30, Anagarika Dharmapala Mawatha

Tel: 055-5635072

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

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

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

Tel: 025-2226279