

**INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD OF NINE MONTHS ENDED DECEMBER 31, 2012**

SOFTLOGIC FINANCE PLC
(Company Registration No. PB641PQ)

SOFTLOGIC FINANCE PLC
INTERIM BALANCE SHEET

(All amounts in Sri Lanka Rupees)

	As at 31 st December 2012	As at 31 st December 2011	As at 31 st March 2012
	(Unaudited)	(Unaudited)	(Audited)
ASSETS			
Bank & Cash Balances	468,908,641	151,744,029	278,658,957
Investment in Government Securities	490,438,549	344,355,900	727,208,119
Placements with Banks & Financial Institutions	824,845,628	54,500,000	204,500,000
Investment in Equity Securities	114,845,512	69,089,253	70,485,704
Investment in Commercial Papers	28,277,533	25,000,000	25,787,500
Prepayments & Other Receivable	602,341,196	472,638,390	445,620,745
Amount Due From Related Companies	-	22,971,240	-
Loans & Advances	1,996,957,938	1,655,905,086	1,771,804,079
Lease & Hire Purchase Rentals Receivables	6,889,808,538	5,740,312,218	6,006,771,372
Pawning Advances	332,795,882	283,798,495	255,139,268
Advances for Margin Trading	5,067,585	90,938,243	81,161,047
Vehicle Stocks	12,617,655	-	-
Trading Stock of Vehicles	19,349,501	13,504,669	10,208,786
Trading Stock of Real Estates	39,058,097	39,858,097	39,258,097
Property, Plant & Equipment	187,957,714	164,218,860	183,662,230
TOTAL ASSETS	12,013,269,968	9,128,834,480	10,100,265,904
LIABILITIES			
Bank Overdrafts	177,377,855	63,423,065	68,318,529
Time Deposits	6,570,257,037	3,781,616,874	4,613,210,866
Certificates of Deposits	11,494,613	-	9,204,613
Savings Deposits	89,520,515	54,042,905	59,434,647
Borrowings	3,349,522,225	3,691,060,333	3,665,875,282
Trade & Other Payables	605,094,535	356,427,242	481,266,094
Deferred Liabilities	77,578,597	92,193,683	87,261,034
TOTAL LIABILITIES	10,880,845,377	8,038,764,101	8,984,571,065
SHARE HOLDERS' FUNDS			
Stated Capital	1,003,230,820	1,003,230,820	1,003,230,820
Statutory Reserve Fund	30,277,672	11,375,914	12,657,137
Investment Fund Reserve	37,888,108	17,472,951	20,929,338
Retained Earnings	61,027,990	57,990,693	78,877,544
TOTAL SHARE HOLDERS' FUNDS	1,132,424,591	1,090,070,378	1,115,694,839
TOTAL LIABILITIES AND SHARE HOLDERS' FUNDS	12,013,269,968	9,128,834,480	10,100,265,904
Net Assets Per Share	30.24	29.10	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 February 13, 2013
Signed for and on behalf of the Board of Directors by;

(Sgd.) A.K. Pathirage
Chairman

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

SOFTLOGIC FINANCE PLC
INTERIM INCOME STATEMENT

(All amounts in Sri Lanka Rupees)

	3 Months ended 31-Dec-12 (Unaudited)	3 Months ended 31-Dec-11 (Unaudited)	9 Months ended 31-Dec-12 (Unaudited)	9 Months ended 31-Dec-11 (Unaudited)
GROSS INCOME	629,380,613	448,916,459	1,696,240,529	1,088,888,135
Interest Income	565,139,709	434,538,329	1,593,529,731	1,043,954,038
Interest Expenses	365,224,722	220,687,180	977,800,980	525,900,676
INCOME NET OF INTEREST	199,914,987	213,851,149	615,728,751	518,053,361
Other Income	64,240,904	14,378,130	102,710,798	44,934,097
NET OPERATING INCOME	264,155,891	228,229,279	718,439,549	562,987,458
OPERATING EXPENSES				
Personnel Costs	64,043,138	71,548,011	172,789,175	156,832,749
Staff Retirement Benefits	1,200,000	1,050,000	3,600,000	3,150,000
Provision For Bad & Doubtful Debts	25,944,261	23,735,923	42,972,105	32,304,052
Administrative and General Expenses	124,004,824	81,027,767	362,631,248	226,384,977
	215,192,222	177,361,702	581,992,528	418,671,778
PROFIT BEFORE TAX AND VAT ON FINANCIAL SERVICES	48,963,669	50,867,578	136,447,021	144,315,681
VAT on Financial Services	8,756,682	8,596,619	24,101,145	22,696,751
PROFIT BEFORE INCOME TAX	40,206,987	42,270,959	112,345,876	121,618,930
Income Tax Expense	7,429,351	15,513,354	24,243,203	41,610,220
NET PROFIT FOR THE PERIOD	32,777,636	26,757,606	88,102,673	80,008,710
Basic/Diluted Earnings Per Share	0.88	0.71	2.35	2.54

SOFTLOGIC FINANCE PLC
INTERIM CASH FLOW STATEMENT

(All amounts in Sri Lanka Rupees)

	3 months ended 31 st December		9 months ended 31 st December	
	2012	2011	2012	2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash Flow from Operating Activities				
Net Profit before income tax	40,206,987	42,270,959	112,345,876	121,618,930
Adjustments for				
Depreciation	11,675,029	7,953,928	34,193,832	17,352,271
(Profit) on Disposal of Property, Plant & Equipment	(361,900)	(42,031)	(697,954)	(42,031)
(Income)/Loss from Equity Securities	-	4,537,256	(753,591)	8,498,249
(Profit) from Sale of Trading Vehicles	-	(1,821,461)	(1,726,522)	(2,706,379)
Provision for bad and doubtful debts	25,944,261	23,735,923	42,972,105	32,304,052
Provision for Defined Benefit Plans	1,200,000	1,050,000	3,600,000	3,150,000
Interest Expenses	365,224,722	220,687,180	977,800,980	525,900,676
Operating Profit before Working Capital Changes	443,889,098	298,371,755	1,167,734,726	706,075,769
(Increase) in Prepayments & Other Receivable	(77,466,084)	(81,077,203)	(156,720,451)	(239,035,705)
(Increase) in Amount Due From Related Companies	-	(17,575,240)	-	(22,971,240)
(Increase) in Loans & Advances	(83,877,924)	(178,779,679)	(225,153,859)	(1,371,949,001)
(Increase) in Lease & Hire Purchase Rentals Receivables	(504,234,434)	(389,967,981)	(926,009,271)	(2,401,287,838)
(Increase) in Pawning Advances	(73,907,048)	(27,058,494)	(77,656,614)	(159,476,387)
Decrease/(Increase) in Advances for Margin Trading	2,134,603	(19,488,333)	76,093,462	(90,938,243)
(Increase)/ Decrease in Vehicle Stocks	(1,882,622)	-	(12,617,655)	4,855,172
(Increase) in Trading Stock of Real Estates	-	(23,210,964)	200,000	(23,210,964)
Net increase Public Deposits	468,444,702	645,278,712	1,989,422,038	2,250,852,785
Net (Decrease)/Increase from Borrowings	668,273,682	542,178,284	(316,353,057)	1,738,274,256
Increase/(Decrease) in Trade & Other Payables	27,113,135	(250,021,977)	87,177,801	89,619,536
Cash Generated from/(used in) Operations	868,487,110	498,648,881	1,606,117,121	480,808,141
Interest Paid	(365,224,722)	(220,687,180)	(977,800,980)	(525,900,676)
Income tax paid	-	-	-	(70,227)
Defined Benefit Plan Costs Paid	-	-	(875,000)	-
Purchase of Trading Vehicles	(19,349,501)	-	(19,349,501)	(36,690,805)
Proceeds from Sale of Trading Vehicles	-	16,884,324	11,935,308	25,892,515
Temporary Reduction in Carrying Value of Equity Securities	(15,191,995)	-	(15,191,995)	-
Net Cash from/(used in) Operating Activities	468,720,892	294,846,025	604,834,953	(55,961,052)
Cash Flows from/(used in) Investing Activities				
Purchase of Property, Plant & Equipment	(5,133,638)	(65,559,017)	(38,881,077)	(142,027,090)
Proceeds from Sale of Property, Plant & Equipment	517,107	85,000	1,089,716	85,000
Purchase/Sale of Investments (net)	(248,214,514)	(193,668,756)	(429,672,308)	(202,217,950)
Net Cash (used in) Investing Activities	(252,831,044)	(259,142,773)	(467,463,669)	(344,160,040)
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	215,889,848	35,703,252	81,190,358	78,754,432
Cash & Cash Equivalents at the beginning of the period	75,640,938	52,617,713	210,340,428	9,566,533
Cash & Cash Equivalents at the end of the period	291,530,786	88,320,964	291,530,786	88,320,964
Reconciliation of Cash & Cash Equivalents				
Cash & Bank Balances	468,908,641	151,744,029	468,908,641	151,744,029
Bank Overdrafts	(177,377,855)	(63,423,065)	(177,377,855)	(63,423,065)
	291,530,786	88,320,964	291,530,786	88,320,964

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	-	-	-	80,008,710	80,008,710
Dividends	-	-	-	(56,180,927)	(56,180,927)
Transferred to/(from) during the period	-	4,000,435	17,472,951	(21,473,386)	-
Balance as at December 31, 2011	1,003,230,820	11,375,914	17,472,951	57,990,693	1,090,070,378
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	-	-	-	88,102,673	88,102,673
Temporary reduction in carrying value of equity securities (Note 5)	-	-	-	(15,191,995)	(15,191,995)
Dividends	-	-	-	(56,180,927)	(56,180,927)
Transferred to/(from) during the period	-	17,620,535	16,958,771	(34,579,305)	-
Balance as at December 31, 2012	1,003,230,820	30,277,672	37,888,108	61,027,991	1,132,424,591

EXPLANATORY NOTES

FOR THE PERIOD OF NINE MONTHS ENDED DECEMBER 31, 2012

1. All figures are provisional and subject to audit.

2. Market Price per Share (Rs.)

Market Price - Highest (for the quarter ended Dec. 31, 2012)	32.90
Market Price - Lowest (for the quarter ended Dec. 31, 2012)	23.80
Market Price as at December 31, 2012	24.90

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. Investment in marketable equity securities have been reclassified from current to long term investments from October 1, 2012 and stated at lower of cost or market value as at that date. However, any temporary reductions in carrying amount of such investments amounting to Rs. 15,191,995/- have been included in equity for the period ended December 31, 2012.

6. 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.

7. 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.

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.

SOFTLOGIC FINANCE PLC
EXPLANATORY NOTES (Contd.)
FOR THE PERIOD OF NINE MONTHS ENDED DECEMBER 31, 2012

8. 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.

9. Stated capital consists of 37,453,951 Ordinary Shares as at December 31, 2012.

10. 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.

11. List of Twenty Major Shareholders of the Company as at December 31, 2012

<u>Name</u>	<u>No. of Shares</u>	<u>(%)</u>
NDB/Softlogic Capital PLC	9,582,446	
Pan Asia Banking Corporation/Softlogic Capital PLC	8,853,335	
Softlogic Capital PLC	4,921,909	
Vanik Incorporation PLC	5,376,068	14.35
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. Palihena & Mrs. A S Palihena	300,000	0.80
Softlogic Holdings PLC	282,818	0.76
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	93,940	0.25
Mr. S. Abishek	72,332	0.19
Waldock Mackenzie Ltd/Mrs. G. Soysa	66,000	0.18
Mr. W.A.S.P De Saram	61,081	0.16
Mr. M. M. C. J. Fernandopulle	61,000	0.16
	34,539,811	92.22
Others	2,914,140	7.78
	37,453,951	100.00

12. Directors' Shareholding

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

	As at 31-Dec-12	As at 31-Mar-12
Asoka Kariyawasam Pathirage (Chairman)	168,000	168,000
Pattage Mayurasiri Bandula Fernando (resigned w.e.f. 31/1/2013)	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 Travice Columban Soza	Nil	Nil
Saliya Wickremasinghe	Nil	N/A

13. The percentage of shares held by the public as at December 31, 2012 is 22.63%

SOFTLOGIC FINANCE PLC
EXPLANATORY NOTES (Contd.)
FOR THE PERIOD OF NINE MONTHS ENDED DECEMBER 31, 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	3,435,447

14.1.3 Remuneration to Key Managerial Personnel amounted to Rs. 11,890,160/- for the period ended December 31, 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	-	-	-	19,775,511	-	25,000,000
Softlogic Credit Ltd	Group Company	-	-	10,003,021	-	-	-
Softlogic Corporate Services (Pvt) Ltd	Group Company	3,130,892	-	928,010	3,519,660	-	-
Asian Alliance Insurance PLC	Group Company	3,239,918	169,820,598	616,786	34,166,497	-	-
Uni Walkers (Pvt) Ltd	Affiliated Company	39,155,194	25,934,888	19,028,494	6,165,849	3,822,885	-
Softlogic Communications (Pvt) Ltd	Affiliated Company	30,696,150	-	5,404,021	13,966	58,644	-
Softlogic Computers (Pvt) Ltd	Affiliated Company	-	-	-	552,621	1,036,530	-
Softlogic Information Technologies (Pvt) Ltd	Affiliated Company	34,896,438	-	4,898,700	4,191,584	8,817,347	-

SOFTLOGIC FINANCE PLC
EXPLANATORY NOTES (Contd.)
FOR THE PERIOD OF NINE MONTHS ENDED DECEMBER 31, 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	412,865,590	281,469,302	672,980,174	506,798,434	422,454,134	232,290,274			1,508,299,899	1,020,558,010
Investment Income							85,229,833	23,396,028	85,229,833	23,396,028
Fee based income and others	10,977,977	6,289,189	13,327,781	8,895,386	22,165,440	9,851,882	55,486,009	28,395,890	101,957,207	53,432,346
Profit/(Loss) from Equity Securities							753,591	(8,498,249)	753,591	(8,498,249)
Total Revenue	423,843,567	287,758,491	686,307,955	515,693,820	444,619,575	242,142,156	141,469,432	43,293,668	1,696,240,529	1,088,888,135
Profit/(Loss) before tax	28,072,125	32,140,014	45,455,740	57,598,323	29,448,168	27,045,083	9,369,843	4,835,510	112,345,876	121,618,930
Taxation									24,243,203	41,610,220
Profit after tax									88,102,673	80,008,710
Segment Assets	2,527,255,882	2,315,552,614	4,362,552,656	3,424,759,604	2,334,821,405	2,030,641,824	2,788,640,025	1,357,880,437	12,013,269,968	9,128,834,480
Segment Liabilities	2,289,025,432	2,039,053,427	3,951,318,918	3,015,810,465	2,114,730,691	1,788,163,718	2,525,770,336	1,195,736,492	10,880,845,377	8,038,764,101

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. Mayura Fernando Director/CEO (resigned w.e.f. January 31, 2013)
Mr. Nalin Wijekoon - Director/CEO (appointed as CEO w.e.f. February 1, 2013)
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 (resigned w.e.f. January 31, 2013)
Mr. Nalin Wijekoon - Director/CEO (appointed as CEO w.e.f. February 1, 2013)
Mr. Tuan Ifthikar Ahamed - Director
Mr. Sudath Jayawardena - GM (resigned w.e.f. January 31, 2013)
Mr. Shihan Nanayakkara - COO
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
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