

**INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2013**

SOFTLOGIC FINANCE PLC
(Company Registration No. PB641PQ)

SOFTLOGIC FINANCE PLC
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013

	31/12/2013 (Unaudited)	31/12/2012 (Unaudited) (Restated)	31/03/2013 (Audited)
	Rs.	Rs.	Rs.
ASSETS			
Cash and cash equivalents	1,187,431,173	1,382,031,802	1,472,505,964
Financial investments - Available for sale	1,110,975,604	114,845,512	114,962,661
Financial investments - Held for trading	76,558,500	-	78,705,000
Lease and hire purchase receivables	8,344,062,227	6,885,539,593	7,221,967,081
Loans and receivables	3,676,691,269	2,800,893,569	3,352,909,970
Other non financial assets	1,220,677,976	638,689,299	791,538,189
Intangible assets	10,238,143	6,407,650	8,351,476
Property, plant & equipment	164,288,140	180,750,843	177,862,940
TOTAL ASSETS	15,790,923,033	12,009,158,269	13,218,803,281
LIABILITIES			
Due to banks	452,200,854	926,934,579	2,653,411,875
Due to customers	7,644,336,819	6,671,272,164	6,956,951,047
Other borrowed funds	5,525,165,427	2,570,713,469	1,581,421,032
Other non financial liabilities	767,387,295	605,094,535	743,760,027
Retirement benefit obligations	15,827,867	14,611,551	13,512,666
Deferred tax liabilities	117,302,110	62,967,046	65,150,142
TOTAL LIABILITIES	14,522,220,371	10,851,593,344	12,014,206,789
SHARE HOLDERS' FUNDS			
Stated capital	1,003,230,820	1,003,230,820	1,003,230,820
Statutory reserve fund	65,008,031	30,277,672	42,839,262
Investment fund reserve	71,399,229	37,888,109	47,687,252
Retained earnings	139,589,886	108,631,332	130,122,021
Available for sale reserve	(10,525,304)	(22,463,009)	(19,282,863)
SHARE HOLDERS' FUNDS	1,268,702,662	1,157,564,924	1,204,596,492
TOTAL LIABILITIES AND SHARE HOLDERS' FUNDS	15,790,923,033	12,009,158,269	13,218,803,281
Net Assets Per Share	33.87	30.91	32.16

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

(Sgd.) W.A. C. Fernando
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 : February 10, 2014

	3 Months ended 31-Dec-13 (Unaudited) Rs.	9 Months ended 31-Dec-13 (Unaudited) Rs.	3 Months ended 31-Dec-12 (Unaudited) (Restated) Rs.	9 Months ended 31-Dec-12 (Unaudited) (Restated) Rs.
INCOME	1,255,887,425	3,481,694,980	855,752,058	2,342,028,288
Interest income	866,332,859	2,448,473,412	579,689,831	1,599,053,250
Interest expenses	(514,164,524)	(1,508,905,531)	(358,967,227)	(972,215,954)
NET INTEREST INCOME	352,168,335	939,567,881	220,722,604	626,837,296
Net fee and commission income	23,576,752	79,694,340	27,530,041	48,071,813
Net trading income	9,876,441	7,024,598	1,417,134	2,573,820
Other operating income	3,933,038	6,934,749	26,392,448	65,492,109
Total operating income	389,554,566	1,033,221,568	276,062,227	742,975,038
Impairment for loans and receivables	99,146,426	221,332,249	14,923,427	37,227,932
NET OPERATING INCOME	290,408,140	811,889,319	261,138,800	705,747,105
OPERATING EXPENSES				
Personnel costs	98,213,127	279,734,262	88,324,743	251,941,012
Depreciation of property plant and equipment	11,513,569	35,175,907	10,981,628	32,538,679
Amortisation of intangible assets	746,578	2,248,941	492,775	1,454,527
Other operating expenses	113,036,961	297,153,900	87,726,080	251,363,469
	223,510,234	614,313,010	187,525,225	537,297,687
PROFIT BEFORE TAX & VAT ON FINANCIAL SERVICES	66,897,906	197,576,309	73,613,575	168,449,418
VAT on financial services	12,139,720	33,894,801	8,756,682	24,101,145
PROFIT BEFORE INCOME TAX	54,758,187	163,681,507	64,856,893	144,348,273
Income tax expense	14,804,417	52,151,968	7,429,351	24,243,203
Net profit for the quarter/period	39,953,770	111,529,539	57,427,542	120,105,070
Basic Earnings Per Share (Rs.)	1.07	2.98	1.53	3.21
STATEMENT OF COMPREHENSIVE INCOME				
Profit for the quarter/period	39,953,770	111,529,539	57,427,542	120,105,070
Other comprehensive income :				
Transferred gain to income statement on disposal of available for sale financial investments	(322,821)	(219,991)	-	-
Gain/(Loss) on remeasuring available for sale financial investments	11,740,347	8,977,550	(15,201,286)	(14,438,605)
Total Comprehensive Income for the quarter/period	51,371,296	120,287,098	42,226,255	105,666,465

SOFTLOGIC FINANCE PLC
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED DECEMBER 31, 2013

	9 Months ended 31-Dec-13 (Unaudited) Rs.	9 Months ended 31-Dec-12 (Unaudited) Rs.
Cash Flows from/(used in) Operating Activities		
Net Profit/(Loss) before Taxation	163,681,507	144,348,273
Adjustments for		
Depreciation	35,175,907	32,538,679
Amortisation of intangible assets	2,248,941	1,454,527
(Profit)/Loss on disposal of property, plant & equipment	(189,000)	(697,954)
Impairment for loans and receivables	221,332,249	37,227,932
Provision for staff retirement benefits	3,600,000	3,600,000
Interest expenses	1,508,905,531	972,215,954
Operating Profit before Working Capital Changes	1,934,755,135	1,190,687,412
(Increase)/Decrease in Lease and hire purchase receivables	(1,343,427,395)	(918,126,994)
(Increase)/Decrease in Loans and receivables	(323,781,299)	(575,759,098)
(Increase)/Decrease in Other non financial assets	(429,139,787)	(166,333,192)
Increase/(Decrease) in Due to banks	(2,125,235,475)	(335,194,205)
Increase/(Decrease) in Due to customers	687,385,771	1,989,422,039
Increase/(Decrease) in Other borrowed funds	3,944,476,750	6,498,680
Increase/(Decrease) in Other non financial liabilities	23,627,268	103,691,983
Cash Generated from/(used in) Operations	2,368,660,967	1,294,886,624
Interest paid	(1,508,905,531)	(972,215,954)
Taxes paid	-	-
Defined benefit plan costs paid	(1,284,799)	(875,000)
Net Cash from/(used in) Operating Activities	858,470,637	321,795,669
Cash Flows from/(used in) Investing Activities		
Purchase of property, plant & equipment	(22,333,463)	(38,433,102)
Addition to intangible assets	(4,135,609)	(447,975)
Proceeds from Sale of property, plant & equipment	189,000	1,089,716
Purchase/Sale of available for sale investments (net)	(985,108,884)	(58,798,413)
Net Cash from/(used in) Investing Activities	(1,011,388,956)	(96,589,774)
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	(209,099,245)	169,024,969
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	1,008,079,578	1,204,653,947
Reconciliation of Cash & Cash Equivalents		
Cash & Cash Equivalents	1,187,431,173	1,382,031,802
Bank Overdrafts	(179,351,595)	(177,377,855)
	1,008,079,578	1,204,653,947

SOFTLOGIC FINANCE PLC

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED DECEMBER 31, 2013

	Stated Capital	Retained Profit	Statutory Reserve	Investment Fund	Available for Sale Reserve	Total
	Rs.	Rs.	Fund Rs.	Reserve 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
Net Profit for the period	-	120,105,071	-	-	-	120,105,071
Other comprehensive income for the period	-	-	-	-	(14,438,605)	(14,438,605)
Dividends	-	(56,180,927)	-	-	-	(56,180,927)
Transferred to/(from) during the period	-	(34,579,305)	17,620,534	16,958,771	-	0
Balance as at December 31, 2012	1,003,230,820	108,631,332	30,277,672	37,888,109	(22,463,009)	1,157,564,924
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	-	111,529,539	-	-	-	111,529,539
Other comprehensive income for the period	-	-	-	-	8,757,559	8,757,559
Dividends	-	(56,180,927)	-	-	-	(56,180,927)
Transferred to/(from) during the period	-	(45,880,747)	22,168,770	23,711,977	-	(0)
Balance as at December 31, 2013	1,003,230,820	139,589,886	65,008,031	71,399,229	(10,525,304)	1,268,702,662

EXPLANATORY NOTES

FOR THE PERIOD ENDED DECEMBER 31, 2013

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

2. Information on shares and debentures

Market Price per Share (Rs.)

Market Price - Highest (for the quarter ended Dec 31, 2013)	29.40
Market Price - Lowest (for the quarter ended Dec 31, 2013)	24.20
Market Price as at Dec 31, 2013	25.30

Market Price per Debenture (Rs.)

	Type A	Type B	Type C
Market Price - Highest (for the period)	100.00	100.00	100.75
Market Price - Lowest (for the period)	100.00	100.00	100.00
Market Price as at December 31, 2013	100.00	100.00	100.75

31. 12. 2013

Debt to equity ratio	82.62%
Quick asset ratio	10.03%
Interest cover	1.11
Interest yield as at date of last trade/Yield To Maturity of Trade Done	
Type A	17.16%
Type B	16.52%
Type C	15.67%
Interest Rate of Comparable Government Securities	11.16%

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. No 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 December 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, 2013.

SOFTLOGIC FINANCE PLC
EXPLANATORY NOTES (Contd.)
FOR THE PERIOD ENDED DECEMBER 31, 2013

9. List of Twenty Major Shareholders of the Company as at December 31, 2013

<u>Name</u>		<u>No. of Shares</u>	<u>(%)</u>
NDB/Softlogic Capital PLC	14,507,788	23,361,123	62.37
Pan Asia Banking Corporation/Softlogic Capital PLC	8,853,335		
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		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 & Mrs. A S Palihena		250,000	0.67
Mr. A.K. Pathirage		168,000	0.45
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
Commercial Bank of Ceylon PLC/D S L Investments (Pvt) Ltd		97,000	0.26
Mr. D. S. Hewapathirana		87,250	0.23
Mr. M. M. Fuad		81,854	0.22
Opulant Fund (Pvt) Ltd.		75,431	0.20
Mr. S. Abishek		72,332	0.19
Waldock Mackenzie Ltd/Mrs. G. Soysa		66,000	0.18
		<u>34,722,871</u>	<u>92.70</u>
Others		<u>2,731,080</u>	<u>7.29</u>
		<u><u>37,453,951</u></u>	<u><u>100.00</u></u>

10. Directors' Shareholding as at December 31, 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
Satiya Wickremasinghe	Nil	Nil

11. The percentage of shares held by the public as at December 31, 2013 is 22.64%

SOFTLOGIC FINANCE PLC
EXPLANATORY NOTES (Contd.)
FOR THE PERIOD ENDED DECEMBER 31, 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 it's 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. 10,292,267/- for the period ended December 31, 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.	Debitures Borrowings/ Deposits Rs.	Income Earned Rs.	Cost Incurred Rs.	Plant & Equip. Purchased Rs.	Guarantees Obtained Rs.
Softlogic Capital PLC	Parent Company	-	-	-	-	25,914,996	-	25,000,000
Softlogic Corporate Services (Pvt) Ltd	Group Company	-	919,753	-	235,743	2,120,152	-	-
Asian Alliance Insurance PLC	Group Company	-	2,240,138	145,000,000	623,112	12,677,297	-	-
Softlogic retail (Pvt) Ltd	Affiliated Company	-	28,136,402	4,462,472	20,474,870	5,162,122	918,160	-
Softlogic Communications (Pvt) Ltd	Affiliated Company	-	30,634,387	-	4,619,989	-	-	-
Softlogic Computers (Pvt) Ltd	Affiliated Company	-	-	-	-	420,403	345,000	-
Softlogic Information Technologies (Pvt) Ltd	Affiliated Company	-	34,820,004	-	5,251,224	5,145,702	13,437,989	-
Future Automobiles (Pvt) Ltd	Affiliated Company	14,425,000	-	-	-	-	-	-

SOFTLOGIC FINANCE PLC
EXPLANATORY NOTES (Contd.)
FOR THE PERIOD ENDED DECEMBER 31, 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	427,133,011	393,042,551	1,021,868,031	647,164,363	891,660,520	463,463,196			2,340,661,561	1,503,670,109
Investment Income							107,811,851	95,383,141	107,811,851	95,383,141
Fee based income and others	15,291,937	12,565,434	36,584,253	20,689,620	32,419,619	14,816,757	948,925,758	694,903,226	1,033,221,568	742,975,038
Total Revenue	442,424,948	405,607,984	1,058,452,284	667,853,983	924,080,139	478,279,953	1,056,737,609	790,286,367	3,481,694,980	2,342,028,288
Profit/(Loss) before tax	20,799,290	24,999,191	49,759,978	41,162,427	43,442,872	29,478,246	49,679,368	48,708,409	163,681,507	144,348,273
Income tax expense									(52,151,968)	(24,243,203)
Profit after tax									111,529,539	120,105,070
Segment Assets	2,587,009,327	2,518,683,477	5,757,052,901	4,366,856,116	2,179,171,038	1,733,865,409	5,267,689,768	3,389,753,267	15,790,923,033	12,009,158,269
Segment Liabilities	2,379,159,183	2,275,907,124	5,294,509,431	3,945,934,070	2,004,088,169	1,566,737,811	4,844,463,588	3,063,014,340	14,522,220,371	10,851,593,344

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, Kasthuriar Road
Tel: 021-2219444

Anuradhapura

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