



**INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED JUNE 30, 2014**

(Company Registration No. PB641PQ)

SOFTLOGIC FINANCE PLC
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2014

	30/06/2014 (Unaudited)	30/06/2013 (Unaudited)	31/03/2014 (Audited)
	Rs.	Rs.	Rs.
ASSETS			
Cash and cash equivalents	1,268,615,461	1,401,657,311	2,431,468,734
Financial investments - Available for sale	1,873,035,821	168,374,241	1,515,468,191
Financial investments - Held for trading	97,355,700	77,512,500	85,192,200
Lease and hire purchase receivables	8,878,167,684	7,769,652,161	8,324,788,232
Loans and receivables	3,670,085,568	4,120,642,199	3,887,396,468
Other non financial assets	1,520,160,311	919,078,816	1,693,254,204
Intangible assets	13,532,338	10,394,482	9,924,111
Property, plant & equipment	309,703,751	175,869,663	312,247,164
TOTAL ASSETS	17,630,656,635	14,643,181,371	18,259,739,304
LIABILITIES			
Due to banks	2,296,109,180	2,612,243,781	1,596,706,959
Derivative financial instruments	11,484,342	-	11,484,342
Due to customers	9,727,923,999	6,745,236,543	9,312,742,952
Other borrowed funds	3,381,629,565	3,224,565,424	4,887,560,395
Other non financial liabilities	810,694,569	718,141,134	1,073,130,911
Retirement benefit obligations	16,007,034	14,040,467	21,967,734
Deferred tax liabilities	47,195,228	81,113,782	46,597,380
TOTAL LIABILITIES	16,291,043,917	13,395,341,131	16,950,190,673
SHARE HOLDERS' FUNDS			
Stated capital	1,003,230,820	1,003,230,820	1,003,230,820
Statutory reserve fund	77,013,790	50,149,302	75,970,040
Investment fund reserve	77,419,183	54,886,172	75,933,826
Retained earnings	144,894,476	152,163,261	142,204,832
Available for sale reserve	37,054,450	(12,589,314)	12,209,113
SHARE HOLDERS' FUNDS	1,339,612,718	1,247,840,240	1,309,548,631
TOTAL LIABILITIES AND SHARE HOLDERS' FUNDS	17,630,656,635	14,643,181,371	18,259,739,304
Net Assets Per Share	35.77	33.32	34.96

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

(Sgd.) B H S Suranga
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 : August 12, 2014

SOFTLOGIC FINANCE PLC
STATEMENT OF COMPREHENSIVE INCOME

	3 Months ended 30-Jun-14 (Unaudited)	3 Months ended 30-Jun-13 (Unaudited)
	Rs.	Rs.
INCOME	879,604,601	778,487,514
Interest income	826,782,308	744,055,943
Interest expenses	(533,576,192)	(487,302,360)
NET INTEREST INCOME	293,206,116	256,753,584
Net fee and commission income	29,951,641	25,355,990
Net trading income	8,181,197	4,834,976
Other operating income	14,689,456	4,240,605
Total operating income	346,028,410	291,185,155
Impairment for loans and receivables	90,554,950	39,642,812
NET OPERATING INCOME	255,473,460	251,542,343
OPERATING EXPENSES		
Personnel costs	110,328,417	88,222,473
Depreciation of property plant and equipment	15,642,899	11,624,626
Amortization of intangible assets	1,031,394	751,286
Other operating expenses	114,330,177	88,082,438
	241,332,887	188,680,823
PROFIT BEFORE TAX & VAT ON FINANCIAL SERVICES	14,140,573	62,861,520
VAT on financial services	8,323,976	10,347,681
PROFIT BEFORE INCOME TAX	5,816,597	52,513,839
Income tax expense/(reversal)	597,848	15,963,640
Net profit for the quarter	5,218,750	36,550,199
Basic Earnings Per Share (Rs.)	0.14	0.98
STATEMENT OF COMPREHENSIVE INCOME		
Profit for the quarter	5,218,750	36,550,199
Other comprehensive income :		
Transferred (loss)/gain to income statement on disposal of available for sale financial investments	4,916,280	-
Gain/(Loss) on remeasuring available for sale financial investments	19,929,057	6,693,549
Actuarial loss on post employment benefit obligations	-	-
Total Comprehensive Income for the quarter	30,064,087	43,243,748

SOFTLOGIC FINANCE PLC
STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED JUNE 30, 2014

	3 Months ended 30-Jun-14 (Unaudited) Rs.	3 Months ended 30-Jun-13 (Unaudited) Rs.
Cash Flows from/(used in) Operating Activities		
Net Profit/(Loss) before Taxation	5,816,597	52,513,839
Adjustments for		
Depreciation	15,642,899	11,614,126
Amortization of intangible assets	1,031,394	751,286
(Profit)/Loss on disposal of property, plant & equipment	-	-
Gain from disposal of available for sale investments	24,845,337	6,869,160
Impairment for loans and receivables	90,554,950	39,642,812
Provision for staff retirement benefits	1,200,000	1,200,000
Interest expenses	533,576,192	487,302,360
Operating Profit before Working Capital Changes	672,667,369	599,893,583
(Increase)/Decrease in Lease and hire purchase receivables	(643,934,402)	(587,327,892)
(Increase)/Decrease in Loans and receivables	217,310,899	(767,732,229)
(Increase)/Decrease in Other non financial assets	173,093,893	(127,540,627)
Increase/(Decrease) in Due to banks	482,432,091	17,295,266
Increase/(Decrease) in Due to customers	415,181,047	(211,714,504)
Increase/(Decrease) in Other borrowed funds	(1,505,930,830)	1,643,144,393
Increase/(Decrease) in Other non financial liabilities	(255,955,571)	(25,618,893)
Cash Generated from/(used in) Operations	(445,135,503)	540,399,097
Interest paid	(533,576,192)	(487,302,360)
Taxes paid	(6,480,771)	-
Defined benefit plan costs paid	(7,160,700)	(672,200)
Net Cash from/(used in) Operating Activities	(992,353,166)	52,424,538
Cash Flows from/(used in) Investing Activities		
Purchase of property, plant & equipment	(13,099,485)	(9,620,848)
Addition to intangible assets	(4,639,622)	(2,794,292)
Proceeds from Sale of property, plant & equipment	-	-
Purchase/Sale of available for sale investments (net)	(369,731,130)	(52,394,692)
Net Cash from/(used in) Investing Activities	(387,470,237)	(64,809,831)
Cash Flows from/(used in) Financing Activities		
Proceeds from rights issue of shares	-	-
Dividend paid	-	-
Net Cash from/(used in) Financing Activities	-	-
Net Increase in Cash & Cash Equivalents	(1,379,823,403)	(12,385,294)
Cash & Cash Equivalents at the beginning of the quarter	2,282,945,030	1,217,178,823
Cash & Cash Equivalents at the end of the quarter	903,121,627	1,204,793,529
Reconciliation of Cash & Cash Equivalents		
Cash & Cash Equivalents	1,268,615,461	1,401,657,311
Bank Overdrafts	(365,493,834)	(196,863,781)
	903,121,627	1,204,793,529

SOFTLOGIC FINANCE PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED JUNE 30, 2014

	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, 2013	1,003,230,820	130,122,021	42,839,262	47,687,252	(19,282,863)	1,204,596,492
Net Profit for the quarter	-	36,550,199	-	-	-	36,550,199
Other comprehensive income for the quarter	-	-	-	-	6,693,549	6,693,549
Dividends	-	-	-	-	-	-
Transferred to/(from) during the quarter	-	(14,508,960)	7,310,040	7,198,920	-	-
Balance as at June 30, 2013	1,003,230,820	152,163,260	50,149,302	54,886,172	(12,589,314)	1,247,840,240
Balance as at April 1, 2014	1,003,230,820	142,204,832	75,970,040	75,933,826	12,209,113	1,309,548,631
Rights Issue of Shares	-	-	-	-	-	-
Net Profit for the quarter	-	5,218,750	-	-	-	5,218,750
Other comprehensive income for the quarter	-	-	-	-	24,845,337	24,845,337
Dividends	-	-	-	-	-	-
Transferred to/(from) during the quarter	-	(2,529,107)	1,043,750	1,485,357	-	-
Balance as at June 30, 2014	1,003,230,820	144,894,476	77,013,790	77,419,183	37,054,450	1,339,612,718

EXPLANATORY NOTES
FOR THE QUARTER ENDED JUNE 30, 2014

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 Jun 30, 2014)	37.00
Market Price - Lowest (for the quarter ended Jun 30, 2014)	28.00
Market Price as at Jun 30, 2014	34.90

Market Price per Debenture (Rs.)

	Type A	Type B	Type C
Market Price - Highest (for the quarter ended Jun 30, 2014)	Did not trade during	Did not trade during	100.00
Market Price - Lowest (for the quarter ended Jun 30, 2014)	April 1, 2014 to June	April 1, 2014 to June	100.00
Market Price as at Jun 30, 2014	30, 2014	30, 2014	100.00

30-Jun-14

Debt to equity ratio (Times)	12.16
Liquid assets ratio (%) - Statutory Minimum 10%	11.09%
Interest cover (Times)	1.01
Interest yield as at date of last trade/Yield To Maturity of Trade Done	
Type A	16.98%
Type B	11.90%
Type C	16.00%

Interest Rate of Comparable Government Securities

3 Year Treasury Bond	7.78%
(Above rates are excluding 10% withholding tax)	

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, 2014.

4. Colombo Stock Exchange has approved for listing of 14,000,000 rated, redeemable, guaranteed debentures at an issue price of Rs. 100/- each on July 30, 2014 and subscriptions list will be opened on August 21, 2014. No circumstances have arisen since the balance sheet date, which would require adjustments to or disclosure in the interim financial statements other than the above.

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 June 30, 2014.

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, 2014.

SOFTLOGIC FINANCE PLC
EXPLANATORY NOTES (Contd.)
FOR THE QUARTER ENDED JUNE 30, 2014

9. List of Twenty Major Shareholders of the Company as at June 30, 2014

<u>Name</u>		<u>No. of Shares</u>	<u>(%)</u>
Softlogic Capital PLC	14,507,788	23,361,123	62.373
Pan Asia Banking Corporation/Softlogic Capital PLC	8,853,335		
Vanik Incorporation PLC		5,376,068	14.354
LB Finance PLC		1,540,000	4.112
Royal Ceramic Lanka PLC		1,042,200	2.783
People's Leasing & Finance PLC/Mr. L. P. Hapangama		642,620	1.716
Softlogic Holdings PLC		574,714	1.534
Associated Electrical Corporation Ltd		515,000	1.375
Mr. Thirathas		342,449	0.914
Waldock Mackenzie Ltd/HI-Line Trading (Pvt) Ltd		290,420	0.775
Mr. M. M. Fuad		215,200	0.575
Mr. A.K. Pathirage		168,000	0.449
Mr. A.H Udeshi		103,320	0.276
Bank of Ceylon No. 1 Account		102,201	0.273
Pan Asia Banking Corporation/Invest Copia Capital (Pvt) Ltd		99,899	0.267
Mr.C.K. Sangakkara		97,924	0.261
Commercial Bank of Ceylon PLC/D S L Investments (Pvt) Ltd		96,800	0.258
Mr. S. Abishek		72,332	0.193
Mr. D. S. Hewapathirana		72,203	0.193
Mr. P. P. Hewapathirana		70,000	0.187
Waldock Mackenzie Ltd/Mrs. G. Soysa		66,000	0.176
		<hr/>	<hr/>
		34,848,473	93.044
Others		2,605,478	6.956
		<hr/>	<hr/>
		37,453,951	100.00

10. Directors' Shareholding as at June 30, 2014

<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
S N P Palihena	Nil	Nil

11. The percentage of shares held by the public as at June 30, 2014 is 36.97%

SOFTLOGIC FINANCE PLC
EXPLANATORY NOTES (Contd.)
FOR THE QUARTER ENDED JUNE 30, 2014

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	6,300,000

12.1.3 Remuneration to Key Managerial Personnel amounted to Rs. 4,600,750/- for the quarter ended June 30, 2014

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 quarter.

	Relationship	Investments Rs.	Loans & Advances Rs.	Debentures Borrowings/ Deposits Rs.	Income Earned Rs.	Cost Incurred Rs.	Plant & Equip. Purchased Rs.	Guarantees Obtained Rs.
Softlogic Capital PLC	Parent Company	-	-	-	-	9,183,672	-	300,000,000
Asian Alliance Insurance PLC	Group Company	100,000,000	1,610,016	80,000,000	140,982	3,315,890	-	-
Softlogic Stock Brokers (Pvt) Ltd	Group Company	-	-	50,000,000	-	32,563	-	-
Softlogic Retail (Pvt) Ltd	Affiliated Company	-	-	4,902,953	445,341	1,083,367	107,267	-
Softlogic Communications (Pvt) Ltd	Affiliated Company	-	-	-	955,613	-	-	-
Softlogic Computers (Pvt) Ltd	Affiliated Company	-	-	-	-	222,077	487,250	-
Softlogic Information Technologies (Pvt) Ltd	Affiliated Company	-	-	-	953,973	2,103,798	1,329,300	-
Softlogic Automobiles (Pvt) Ltd	Affiliated Company	-	-	-	2,111,084	-	-	-
Softlogic Trading (Pvt) Ltd	Affiliated Company	-	-	-	-	567,094	4,898,445	-

SOFTLOGIC FINANCE PLC
EXPLANATORY NOTES (Contd.)
FOR THE QUARTER ENDED JUNE 30, 2014

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	
	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
Revenue										
Interest	124,575,208	150,596,508	372,167,225	328,987,449	279,616,953	216,377,438			776,359,386	695,961,395
Investment Income							50,422,922	48,094,548	50,422,922	48,094,548
Fee based income and others	4,167,076	3,440,834	17,966,071	12,314,582	7,818,493	4,455,780	22,870,653	14,220,375	52,822,294	34,431,571
Total Revenue	128,742,284	154,037,342	390,133,297	341,302,031	287,435,446	220,833,218	73,293,575	62,314,923	879,604,601	778,487,514
Depreciation of property, plant and equipment	(2,289,554)	(2,300,135)	(6,938,135)	(5,096,432)	(5,111,755)	(3,297,553)	(1,303,454)	(930,506)	(15,642,899)	(11,624,626)
Amortisation of intangible assets	(150,959)	(148,655)	(457,457)	(329,376)	(337,037)	(213,117)	(85,942)	(60,138)	(1,031,394)	(751,286)
Profit/(Loss) before tax	851,339	10,255,867	2,579,850	23,022,951	1,900,736	14,896,578	484,671	4,338,443	5,816,597	52,513,839
Income tax expense									(597,848)	(15,963,640)
Profit after tax									5,218,750	36,550,199
Segment Assets	2,219,975,487	2,543,738,814	6,658,192,197	5,225,913,347	3,670,085,568	4,120,642,199	5,082,403,383	2,752,887,012	17,630,656,635	14,643,181,371
Segment Liabilities	2,051,297,288	2,326,970,369	6,152,289,376	4,780,579,454	3,391,225,092	3,769,495,612	4,696,232,161	2,518,295,696	16,291,043,917	13,395,341,131

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

Mr. S N P Paliyehena

Senior Management

Mr. Nalin Wijekoon - Director/CEO

Mr. Tuan Ifthikar Ahamed - Director

Mr. Chamilantha Fernando - GM

Mr. Manjula Goonaratne - Head of Leasing & HP

Mr. Sanjaya Vithanage - DGM

Mr. Nalinda Ranaraja - DGM

Mr. Nalaka De Silva - AGM

Mr. Lasantha Perera - AGM

Mr. Kumara Kongahawatta - AGM

Mr. Sudesh Suranga - AGM

Mr. Priyan Jayakody - CM

Mr. Gayan Jayatissa - SM

Mr. Shehan Uduwara - SM

Mr. Mark Thirimavithana - 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