

**INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED JUNE 30, 2013**

SOFTLOGIC FINANCE PLC
(Company Registration No. PB641PQ)

SOFTLOGIC FINANCE PLC
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2013

	30/06/2013 (Unaudited)	30/06/2012 (Unaudited) (Restated)	31/03/2013 (Audited)
	Rs.	Rs.	Rs.
ASSETS			
Cash and cash equivalents	1,401,657,311	782,373,801	1,472,505,964
Financial investments - Available for sale	168,374,241	52,979,865	114,962,661
Financial investments - Held for trading	77,512,500	-	78,705,000
Lease and hire purchase receivables	7,769,652,161	6,140,284,893	7,221,967,081
Loans and receivables	4,120,642,199	2,268,250,678	3,352,909,970
Other non financial assets	919,078,816	511,049,620	791,538,189
Intangible assets	10,394,482	7,095,724	8,351,476
Property, plant & equipment	175,869,663	192,278,851	177,862,940
TOTAL ASSETS	14,643,181,371	9,954,313,431	13,218,803,281
LIABILITIES			
Due to banks	2,612,243,781	995,190,559	2,653,411,875
Due to customers	6,745,236,543	5,475,427,786	6,956,951,047
Other borrowed funds	3,224,565,424	1,809,065,995	1,581,421,032
Other non financial liabilities	718,141,134	525,712,749	743,760,027
Retirement benefit obligations	14,040,467	13,086,551	13,512,666
Deferred tax liabilities	81,113,782	85,205,510	65,150,142
TOTAL LIABILITIES	13,395,341,131	8,903,689,150	12,014,206,789
SHARE HOLDERS' FUNDS			
Stated capital	1,003,230,820	1,003,230,820	1,003,230,820
Statutory reserve fund	50,149,302	13,836,262	42,839,262
Investment fund reserve	54,886,172	26,125,468	47,687,252
Retained earnings	152,163,261	32,961,974	130,122,021
Available for sale reserve	(12,589,314)	(25,530,243)	(19,282,863)
SHARE HOLDERS' FUNDS	1,247,840,240	1,050,624,281	1,204,596,492
TOTAL LIABILITIES AND SHARE HOLDERS' FUNDS	14,643,181,371	9,954,313,431	13,218,803,281
Net Assets Per Share	33.32	28.05	32.16

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.) Nalin Wijekoon
CEO/Director

Date : July 25, 2013

SOFTLOGIC FINANCE PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED JUNE 30, 2013

	3 Months ended 30-Jun-13 (Unaudited) Rs.	3 Months ended 30-Jun-12 (Unaudited) (Restated) Rs.
GROSS INCOME	778,487,515	511,527,506
Interest income	744,055,943	487,428,885
Interest expenses	(487,302,360)	(283,791,234)
INCOME NET OF INTEREST	256,753,584	203,637,651
Other income	34,431,572	24,098,622
NET OPERATING INCOME	291,185,155	227,736,272
OPERATING EXPENSES		
Personnel costs	87,022,473	83,160,855
Staff retirement benefits	1,200,000	1,200,000
Impairment for loans and receivables	39,642,812	15,781,524
Administrative and general expenses	100,458,350	94,055,336
	228,323,635	194,197,715
PROFIT BEFORE TAX & VAT ON FINANCIAL SERVICES	62,861,520	33,538,557
VAT on financial services	10,347,681	7,475,869
PROFIT BEFORE INCOME TAX	52,513,839	26,062,688
Income tax expense	15,963,640	9,831,027
Net profit for the quarter	36,550,199	16,231,661
Basic Earnings Per Share (Rs.)	0.98	0.43
STATEMENT OF COMPREHENSIVE INCOME		
Profit for the quarter	36,550,199	16,231,661
Other comprehensive income :		
Gain/(Loss) on remeasuring available for sale financial investments	6,693,549	(17,505,839)
Total Comprehensive Income for the quarter	43,243,748	(1,274,178)

SOFTLOGIC FINANCE PLC
STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED JUNE 30, 2013

	3 Months ended 30-Jun-13 (Unaudited) Rs.	3 Months ended 30-Jun-12 (Unaudited) Rs.
Cash Flows from/(used in) Operating Activities		
Net Profit/(Loss) before Taxation	52,513,839	26,062,688
Adjustments for		
Depreciation	11,614,126	10,465,437
Amortisation of intangible assets	751,286	478,099
(Profit)/Loss on disposal of property, plant & equipment	-	-
Loss from financial investments	6,869,160	-
Impairment for loans and receivables	39,642,812	15,781,524
Provision for staff retirement benefits	1,200,000	1,200,000
Interest expenses	487,302,360	283,791,234
Operating Profit before Working Capital Changes	599,893,583	337,778,982
(Increase)/Decrease in Lease and hire purchase receivables	(587,327,892)	(151,425,885)
(Increase)/Decrease in Loans and receivables	(767,732,229)	(27,601,871)
(Increase)/Decrease in Other non financial assets	(127,540,627)	(38,693,512)
Increase/(Decrease) in Due to banks	17,295,266	(305,638,774)
Increase/(Decrease) in Due to customers	(211,714,504)	793,577,660
Increase/(Decrease) in Other borrowed funds	1,643,144,393	(755,148,795)
Increase/(Decrease) in Other non financial liabilities	(25,618,893)	44,446,655
Cash Generated from/(used in) Operations	540,399,097	(102,705,539)
Interest paid	(487,302,360)	(283,791,234)
Taxes paid	-	-
Defined benefit plan costs paid	(672,200)	-
Net Cash from/(used in) Operating Activities	52,424,538	(386,496,774)
Cash Flows from/(used in) Investing Activities		
Purchase of property, plant & equipment	(12,415,140)	(26,655,880)
Proceeds from Sale of property, plant & equipment	-	-
Purchase/Sale of available for sale investments (net)	(52,394,692)	-
Net Cash from/(used in) Investing Activities	(64,809,831)	(26,655,880)
Cash Flows from/(used in) Financing Activities		
Proceeds from rights issue of shares	-	-
Dividend paid	-	(56,180,927)
Net Cash from/(used in) Financing Activities	-	(56,180,927)
Net Increase in Cash & Cash Equivalents	(12,385,294)	(469,333,581)
Cash & Cash Equivalents at the beginning of the quarter	1,217,178,823	1,035,628,978
Cash & Cash Equivalents at the end of the quarter	1,204,793,529	566,295,397
Reconciliation of Cash & Cash Equivalents		
Cash & Cash Equivalents	1,401,657,311	782,373,801
Bank Overdrafts	(196,863,781)	(216,078,404)
	1,204,793,529	566,295,397

SOFTLOGIC FINANCE PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED JUNE 30, 2013

	Stated Capital	Retained Profit	Statutory Reserve Fund	Investment Fund Reserve	Available for Sale Reserve	Total
	Rs.	Rs.	Rs.	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
Rights Issue of Shares	-	-	-	-	-	-
Net Profit for the quarter	-	16,231,661	-	-	-	16,231,661
Other comprehensive income for the quarter	-	-	-	-	(17,505,839)	(17,505,839)
Dividends	-	(56,180,926)	-	-	-	(56,180,926)
Transferred to/(from) during the quarter	-	(6,375,254)	1,179,124	5,196,130	-	-
Balance as at June 30, 2012	1,003,230,820	32,961,974	13,836,262	26,125,468	(25,530,243)	1,050,624,281
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 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

EXPLANATORY NOTES
FOR THE QUARTER ENDED JUNE 30, 2013

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

2. Market Price per Share (Rs.)

Market Price - Highest (for the quarter ended June 30, 2013)	36.80
Market Price - Lowest (for the quarter ended June 30, 2013)	23.00
Market Price as at June 30, 2013	31.20

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. The Directors have recommended the payment of an interim dividend of Rs 1.50 per share for the financial year 2013/2014 and paid on July 24, 2013. No other 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 June 30, 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 QUARTER ENDED JUNE 30, 2013

9. List of Twenty Major Shareholders of the Company as at June 30, 2013

<u>Name</u>		<u>No. of Shares</u>	<u>(%)</u>
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		642,620	1.72
ASSOCIATED ELECTRICAL CORPORATION LTD		509,500	1.36
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 AND 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 PLC/INVEST COPIA CAPITAL (PVT) LTD		99,900	0.27
MR.D.S HEWAPATIRANA		95,910	0.26
MR.M.M FUAD		76,350	0.20
OPULANT FUND (PRIVATE) LIMITED		74,140	0.20
ABISHEK SITHATHAMBALAM		72,332	0.19
WALDOCK MACKENZIE LTD/MRS. G. SOYSA		66,000	0.18
		<u>34,648,690</u>	<u>92.51</u>
Others		<u>2,805,261</u>	<u>7.49</u>
		<u>37,453,951</u>	<u>100.00</u>

10. Directors' Shareholding as at June 30, 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
Saliya Wickremasinghe	Nil	Nil

11. The percentage of shares held by the public as at June 30, 2013 is 22.65%

SOFTLOGIC FINANCE PLC
EXPLANATORY NOTES (Contd.)
FOR THE QUARTER ENDED JUNE 30, 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 its 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	3,117,558

12.1.3 Remuneration to Key Managerial Personnel amounted to Rs. 3,294,517/- for the quarter ended June 30, 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.	Borrowings/ Deposits Rs.	Income Earned Rs.	Cost Incurred Rs.	Plant & Equip. Purchased Rs.
Softlogic Capital PLC	Parent Company	-	-	-	-	7,653,060	-
Softlogic Corporate Services (Pvt) Ltd	Group Company	-	1,961,726	-	106,296	703,932	-
Asian Alliance Insurance PLC	Group Company	-	2,773,587	97,822,925	227,410	5,736,852	-
Uni Walkers (Pvt) Ltd	Affiliated Company	-	33,642,376	9,001,454	8,961,840	1,156,185	864,810
Softlogic Communications (Pvt) Ltd	Affiliated Company	-	30,651,182	-	1,892,861	-	-
Softlogic Computers (Pvt) Ltd	Affiliated Company	-	-	-	-	195,826	345,000
Softlogic Information Technologies (Pvt) Ltd	Affiliated Company	-	34,839,094	-	2,350,887	1,980,809	8,184,081

SOFTLOGIC FINANCE PLC
EXPLANATORY NOTES (Contd.)
FOR THE QUARTER ENDED JUNE 30, 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	150,596,508	130,292,848	328,987,449	219,665,472	216,377,438	115,473,441			695,961,395	465,431,761
Investment Income							48,094,548	21,997,124	48,094,548	21,997,124
Fee based income and others	1,440,834	1,945,304	12,314,582	2,325,931	4,455,780	1,889,963	23,089,536	17,937,424	41,300,732	24,098,622
Loss from financial investments							(6,869,160)	-	(6,869,160)	-
Total Revenue	152,037,342	132,238,152	341,302,031	221,991,403	220,833,218	117,363,404	64,314,924	39,934,548	778,487,515	511,527,506
Profit/(Loss) before tax	10,255,867	6,737,627	23,022,951	11,310,619	14,896,578	5,979,748	4,338,443	2,034,693	52,513,839	26,062,688
Income tax expense									(15,963,640)	(9,831,027)
Profit after tax									36,550,199	16,231,661
Segment Assets	2,543,738,814	2,489,443,685	5,225,913,347	3,650,841,208	4,120,642,199	2,268,250,678	2,752,887,012	1,545,777,861	14,643,181,371	9,954,313,431
Segment Liabilities	2,326,970,369	2,226,696,284	4,780,579,454	3,265,514,540	3,769,495,612	2,028,849,010	2,518,295,696	1,382,629,316	13,395,341,131	8,903,689,150

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. 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
Mr. Priyankara Senavirathne - 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, Kasthurir Road
Tel: 021-2219444

Anuradhapura

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