

**INTERIM FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014**

SOFTLOGIC FINANCE PLC
(Company Registration No. PB641PQ)

SOFTLOGIC FINANCE PLC
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2014

	31/3/2014 (Unaudited)	31/03/2013 (Audited)
	Rs.	Rs.
ASSETS		
Cash and cash equivalents	2,817,561,848	1,472,505,964
Financial investments - Available for sale	1,206,706,113	114,962,661
Financial investments - Held for trading	85,192,200	78,705,000
Lease and hire purchase receivables	8,324,788,232	7,221,967,081
Loans and receivables	3,808,668,044	3,352,909,970
Other non financial assets	1,579,171,575	791,538,189
Intangible assets	9,924,111	8,351,476
Property, plant & equipment	312,247,164	177,862,940
TOTAL ASSETS	18,144,259,287	13,218,803,281
LIABILITIES		
Due to banks	1,591,907,476	2,653,411,875
Due to customers	9,312,742,952	6,956,951,047
Other borrowed funds	4,907,556,088	1,581,421,032
Other non financial liabilities	930,675,356	743,760,027
Retirement benefit obligations	17,027,867	13,512,666
Deferred tax liabilities	39,605,190	65,150,142
TOTAL LIABILITIES	16,799,514,929	12,014,206,789
SHARE HOLDERS' FUNDS		
Stated capital	1,003,230,820	1,003,230,820
Statutory reserve fund	75,903,592	42,839,262
Investment fund reserve	75,933,826	47,687,252
Retained earnings	180,382,608	130,122,021
Available for sale reserve	9,293,512	(19,282,863)
SHARE HOLDERS' FUNDS	1,344,744,358	1,204,596,492
TOTAL LIABILITIES AND SHARE HOLDERS' FUNDS	18,144,259,287	13,218,803,281
Net Assets Per Share	35.90	32.16

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 : May 30, 2014

SOFTLOGIC FINANCE PLC
STATEMENT OF COMPREHENSIVE INCOME

	3 Months ended 31-Mar-14 (Unaudited)	Year ended 31-Mar-14 (Unaudited)	3 Months ended 31-Mar-13 (Audited)	Year ended 31-Mar-13 (Audited)
	Rs.	Rs.	Rs.	Rs.
INCOME	950,270,568	3,492,397,667	738,277,538	2,439,287,997
Interest income	890,413,186	3,338,886,598	678,493,008	2,277,546,258
Interest expenses	(542,687,986)	(2,051,593,518)	(418,833,649)	(1,391,049,603)
NET INTEREST INCOME	347,725,200	1,287,293,081	259,659,359	886,496,655
Net fee and commission income	38,832,593	118,526,933	21,271,859	69,343,672
Net trading income	14,276,015	21,300,613	28,208,499	30,782,319
Other operating income	6,748,774	13,683,523	10,304,172	61,615,748
Total operating income	407,582,582	1,440,804,150	319,443,889	1,048,238,394
Impairment for loans and receivables	94,226,915	315,559,164	11,192,391	48,420,323
NET OPERATING INCOME	313,355,667	1,125,244,986	308,251,499	999,818,071
OPERATING EXPENSES				
Personnel costs	75,180,729	288,937,698	62,389,337	238,778,512
Depreciation of property plant and equipment	15,173,905	50,349,812	11,377,215	43,915,894
Amortization of intangible assets	771,812	3,020,753	591,118	2,045,645
Other operating expenses	173,168,465	536,299,658	169,163,481	481,898,254
	264,294,911	878,607,921	243,521,151	766,638,305
PROFIT BEFORE TAX & VAT ON FINANCIAL SERVICES	49,060,757	246,637,065	64,730,348	233,179,766
VAT on financial services	4,488,354	38,383,156	12,811,634	36,912,779
PROFIT BEFORE INCOME TAX	44,572,402	208,253,909	51,918,714	196,266,987
Income tax expense/(reversal)	(11,650,476)	40,501,492	7,969,721	32,212,924
Net profit for the quarter/year	56,222,879	167,752,418	43,948,993	164,054,063
Basic Earnings Per Share (Rs.)	1.50	4.48	1.17	4.38
STATEMENT OF COMPREHENSIVE INCOME				
Profit for the quarter/year	56,222,879	167,752,418	43,948,993	164,054,063
Other comprehensive income :				
Transferred (loss)/gain to income statement on disposal of available for sale financial investments	(361,419)	(581,410)	(5,340,240)	(5,340,240)
Gain/(Loss) on remeasuring available for sale financial investments	19,598,825	28,576,375	8,520,386	(5,918,219)
Actuarial loss on post employment benefit obligations	-	-	(97,809)	(97,809)
Total Comprehensive Income for the quarter/year	75,460,284	195,747,383	47,031,330	152,697,795

SOFTLOGIC FINANCE PLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2014

	Year ended 31-Mar-14 (Unaudited) Rs.	Year ended 31-Mar-13 (Audited) Rs.
Cash Flows from/(used in) Operating Activities		
Net Profit/(Loss) before Taxation	208,253,909	196,266,987
Adjustments for		
Depreciation	50,349,812	43,915,894
Amortization of intangible assets	3,020,753	2,045,645
(Profit)/Loss on disposal of property, plant & equipment	(189,000)	(744,970)
Gain from disposal of available for sale investments	28,576,375	(5,449,933)
Impairment for loans and receivables	315,559,164	48,420,323
Provision for staff retirement benefits	4,800,000	4,840,806
Interest expenses	2,051,593,518	1,391,049,603
Operating Profit before Working Capital Changes	2,661,964,531	1,680,344,355
(Increase)/Decrease in Lease and hire purchase receivables	(1,418,380,315)	(1,265,746,873)
(Increase)/Decrease in Loans and receivables	(455,758,074)	(1,112,261,163)
(Increase)/Decrease in Other non financial assets	(787,633,386)	(319,182,081)
Increase/(Decrease) in Due to banks	(954,700,962)	1,313,333,804
Increase/(Decrease) in Due to customers	2,355,791,905	2,275,100,921
Increase/(Decrease) in Other borrowed funds	3,326,135,056	(982,793,758)
Increase/(Decrease) in Other non financial liabilities	150,920,002	236,668,660
Cash Generated from/(used in) Operations	4,878,338,757	1,825,463,866
Interest paid	(2,051,593,518)	(1,391,049,603)
Taxes paid	(30,051,117)	(22,514,185)
Defined benefit plan costs paid	(1,284,799)	(3,312,500)
Net Cash from/(used in) Operating Activities	2,795,409,324	408,587,578
Cash Flows from/(used in) Investing Activities		
Purchase of property, plant & equipment	(184,734,035)	(45,970,194)
Addition to intangible assets	(4,593,389)	(2,982,919)
Proceeds from Sale of property, plant & equipment	189,000	1,184,359
Purchase/Sale of available for sale investments (net)	(1,098,230,652)	(123,088,052)
Net Cash from/(used in) Investing Activities	(1,287,369,076)	(170,856,806)
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	1,451,859,321	181,549,845
Cash & Cash Equivalents at the beginning of the year	1,217,178,823	1,035,628,978
Cash & Cash Equivalents at the end of the year	2,669,038,144	1,217,178,823
Reconciliation of Cash & Cash Equivalents		
Cash & Cash Equivalents	2,817,561,848	1,472,505,964
Bank Overdrafts	(148,523,704)	(255,327,141)
	2,669,038,144	1,217,178,823

SOFTLOGIC FINANCE PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2014

	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
Net Profit for the year	-	164,054,063	-	-	-	164,054,063
Other comprehensive income for the year	-	(97,809)	-	-	(11,258,459)	(11,356,268)
Dividends	-	(56,180,687)	-	-	-	(56,180,687)
Transferred to/(from) during the year	-	(56,940,038)	30,182,124	26,757,914	-	-
Balance as at March 31, 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 year	-	167,752,418	-	-	-	167,752,418
Other comprehensive income for the year	-	-	-	-	28,576,375	28,576,375
Dividends	-	(56,180,927)	-	-	-	(56,180,927)
Transferred to/(from) during the year	-	(61,310,904)	33,064,330	28,246,574	-	-
Balance as at March 31, 2014	1,003,230,820	180,382,609	75,903,592	75,933,826	9,293,512	1,344,744,358

EXPLANATORY NOTES
FOR THE YEAR ENDED MARCH 31, 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 Mar 31, 2014)	35.50
Market Price - Lowest (for the quarter ended Mar 31, 2014)	24.60
Market Price as at Mar 31, 2014	30.70

Market Price per Debenture (Rs.)

	Type A	Type B	Type C
Market Price - Highest (for the quarter ended Mar 31, 2014)	100.00	109.63	108.74
Market Price - Lowest (for the quarter ended Mar 31, 2014)	100.00	109.45	105.00
Market Price as at Mar 31, 2014	100.00	109.63	106.12

31-Mar-14

Debt to equity ratio (Times)	5.54
Quick asset ratio (%)	99.6%
Interest cover (Times)	1.10
Interest yield as at date of last trade/Yield To Maturity of Trade Done	
Type A	16.98%
Type B	11.90%
Type C	13.03%

Interest Rate of Comparable Government Securities

3 Year Treasury Bond	8.30%
(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, 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 March 31, 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, 2013.

SOFTLOGIC FINANCE PLC
EXPLANATORY NOTES (Contd.)
FOR THE YEAR ENDED MARCH 31, 2014

9. List of Twenty Major Shareholders of the Company as at March 31, 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
Waldock Mackenzie Ltd/Mr. L. P. Hapangama		642,620	1.716
Softlogic Holdings PLC		574,714	1.534
Associated Electrical Corporation Ltd		509,500	1.360
Waldock Mackenzie Ltd/HI-Line Trading (Pvt) Ltd		356,008	0.951
Seylan Bank PLC/W D N H Perera		311,021	0.830
Mr. A.K. Pathirage		168,000	0.449
Mr. M. M. Fuad		153,217	0.409
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
Commercial Bank of Ceylon PLC/D S L Investments (Pvt) Ltd		97,000	0.259
Mr. D. S. Hewapathirana		85,549	0.228
Mr. S. Abishek		72,332	0.193
Mr. P. P. Hewapathirana		70,000	0.187
Waldock Mackenzie Ltd/Mrs. G. Soysa		66,000	0.176
Mr. M. M. C. J. Fernandopulle		61,000	0.163
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		34,791,772	92.891
Others		2,662,179	7.107
		<hr/>	
		37,453,951	100.00

10. Directors' Shareholding as at March 31, 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 March 31, 2014 is 36.95%

SOFTLOGIC FINANCE PLC
EXPLANATORY NOTES (Contd.)
FOR THE YEAR ENDED MARCH 31, 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 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	6,139,846

12.1.3 Remuneration to Key Managerial Personnel amounted to Rs. 12,930,517/- for the year ended March 31, 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 year.

	Relationship	Amount Due From	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	-	-	-	-	35,098,668	-	25,000,000
Softlogic Corporate Services (Pvt) Ltd	Group Company	-	-	-	256,366	2,825,884	-	-
Asian Alliance Insurance PLC	Group Company	-	1,936,968	145,000,000	788,238	18,440,996	-	-
Softlogic retail (Pvt) Ltd	Affiliated Company	-	28,025,792	1,183,648	28,638,295	4,450,978	918,160	-
Softlogic Communications (Pvt) Ltd	Affiliated Company	-	30,596,378	-	6,493,583	-	-	-
Softlogic Computers (Pvt) Ltd	Affiliated Company	-	-	-	-	817,806	345,000	-
Softlogic Information Technologies (Pvt) Ltd	Affiliated Company	-	34,820,004	-	7,580,236	7,644,018	15,673,489	-
Future Automobiles (Pvt) Ltd	Affiliated Company	-	-	-	-	-	-	-

SOFTLOGIC FINANCE PLC
EXPLANATORY NOTES (Contd.)
FOR THE YEAR ENDED MARCH 31, 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	608,738,405	557,368,453	1,461,509,389	973,332,855	1,043,960,940	610,713,664			3,114,208,733	2,141,414,972
Investment Income							231,746,475	166,385,219	231,746,475	166,385,219
Fee based income and others	5,701,539	8,021,348	32,087,058	17,361,307	53,174,401	16,877,598	55,479,461	89,227,553	146,442,459	131,487,806
Total Revenue	614,439,944	565,389,801	1,493,596,447	990,694,162	1,097,135,341	627,591,262	287,225,936	255,612,772	3,492,397,667	2,439,287,997
Profit/(Loss) before tax	36,639,447	45,491,698	89,064,113	79,712,014	65,422,883	50,496,475	17,127,467	20,566,800	208,253,909	196,266,987
Income tax expense									(40,501,492)	(32,212,924)
Profit after tax									167,752,418	164,054,063
Segment Assets	2,319,556,430	2,499,016,478	6,002,103,075	4,722,950,603	3,808,668,044	3,998,668,956	6,013,931,738	1,998,167,244	18,144,259,287	13,218,803,281
Segment Liabilities	2,147,644,732	2,231,708,075	5,557,262,968	4,332,139,204	3,526,392,268	3,634,280,252	5,568,214,961	1,816,079,258	16,799,514,929	12,014,206,789

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 Palihena

Senior Management

Mr. Nalin Wijekoon - Director/CEO

Mr. Tuan Ifthikar Ahamed - Director

Mr.Manjula Goonaratne -DCEO

Mr. Chamilantha Fernando - GM

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. Gayan Jayatissa - SM

Mr. Shehan Uduwara - SM

Mr. Mark Thirimavithana - SM

Mr. Priyan Jayakody - 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