



# Senkadagala Finance PLC

**Interim Financial Statements for the period ended  
30 September 2023**



**Fitch Ratings Lanka Limited:  
BBB (lka)**

**Senkadagala Finance PLC**

## Statement of profit or loss

For the three month period ended 30 September	Company			Group		
	2023 Rs.	2022 Rs.	Change %	2023 Rs.	2022 Rs.	Change %
<b>Gross income</b>	<b>2,157,436,579</b>	<b>1,775,485,709</b>	<b>22</b>	<b>2,192,375,436</b>	<b>1,830,732,127</b>	<b>20</b>
Interest income	1,829,941,443	1,575,044,053	16	1,828,934,845	1,577,833,487	16
Interest expense	(937,244,071)	(977,149,226)	(4)	(932,578,489)	(976,286,532)	(4)
<b>Net interest income</b>	<b>892,697,372</b>	<b>597,894,827</b>	<b>49</b>	<b>896,356,356</b>	<b>601,546,955</b>	<b>49</b>
Fee and commission income	16,419,079	6,712,196	145	69,040,982	53,671,047	29
Fee and commission expense	(14,777,482)	(4,000,186)	269	(14,777,482)	(4,000,186)	269
<b>Net fee and commission income</b>	<b>1,641,597</b>	<b>2,712,010</b>	<b>(39)</b>	<b>54,263,500</b>	<b>49,670,861</b>	<b>9</b>
Net gain from trading	46,279,809	12,080,254	283	47,172,326	12,080,254	290
Net gain from financial instruments designated at fair value through profit or loss	205,292,266	120,860,898	70	213,307,917	126,434,021	68.71
Other operating income	59,503,982	60,788,308	(2)	33,919,366	60,713,318	(44)
<b>Net other operating income</b>	<b>311,076,057</b>	<b>193,729,460</b>	<b>61</b>	<b>294,399,609</b>	<b>199,227,593</b>	<b>48</b>
<b>Total operating income</b>	<b>1,205,415,026</b>	<b>794,336,297</b>	<b>52</b>	<b>1,245,019,465</b>	<b>850,445,409</b>	<b>46</b>
Impairment charges and other credit losses	(182,040,455)	(121,986,738)	49	(182,040,455)	(121,986,738)	49
<b>Net operating income</b>	<b>1,023,374,571</b>	<b>672,349,559</b>	<b>52</b>	<b>1,062,979,010</b>	<b>728,458,671</b>	<b>46</b>
Personnel expenses	(236,219,578)	(209,590,855)	13	(244,101,480)	(217,676,919)	12
Depreciation	(77,843,806)	(93,509,989)	(17)	(79,835,901)	(95,511,203)	(16)
Amortisation	(2,621,612)	(3,848,072)	(32)	(2,644,261)	(3,867,395)	(32)
Other operating expenses	(214,968,526)	(167,456,762)	28	(221,102,293)	(171,358,322)	29
<b>Operating profit before taxation on financial services</b>	<b>491,721,049</b>	<b>197,943,881</b>	<b>148</b>	<b>515,295,075</b>	<b>240,044,832</b>	<b>115</b>
Taxes on financial services	(114,179,959)	(51,412,564)	122	(114,179,959)	(51,412,564)	122
<b>Operating profit after taxation on financial services</b>	<b>377,541,090</b>	<b>146,531,317</b>	<b>158</b>	<b>401,115,116</b>	<b>188,632,268</b>	<b>113</b>
Share of profits of associate, net of tax	2,935,570	-	100	2,935,570	-	100
<b>Profit before income tax</b>	<b>380,476,660</b>	<b>146,531,317</b>	<b>160</b>	<b>404,050,686</b>	<b>188,632,268</b>	<b>114</b>
Income tax expense	(108,900,806)	(65,787,794)	66	(121,591,504)	(72,640,032)	67.39
<b>Profit for the period</b>	<b>271,575,854</b>	<b>80,743,523</b>	<b>236</b>	<b>282,459,182</b>	<b>115,992,236</b>	<b>144</b>
Basic/Diluted earnings per share	3.15	0.95	233	3.27	1.36	141

Figures in brackets in 2023 and 2022 columns indicate deductions.  
The above figures are provisional and subject to audit.

### Statement of other comprehensive income

For the three month period ended 30 September	Company			Group		
	2023	2022	Change	2023	2022	Change
	Rs.	Rs.	%	Rs.	Rs.	%
Profit for the period	271,575,854	80,743,523	236	282,459,182	115,992,236	144
<b>Other comprehensive income</b>						
<b>Items that will not be reclassified to profit or loss</b>						
Actuarial gain on defined benefit plans	-	-	-	-	-	-
Deferred tax effect on actuarial gain	-	-	-	-	-	-
Changes in fair value of investments in equity at fair value through other comprehensive income	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the period net of tax</b>	<b>271,575,854</b>	<b>80,743,523</b>	<b>236</b>	<b>282,459,182</b>	<b>115,992,236</b>	<b>144</b>

Figures in brackets in 2023 and 2022 columns indicate deductions.

The above figures are provisional and subject to audit.

## Statement of profit or loss

For the period ended 30 September	Company			Group		
	2023 Rs.	2022 Rs.	Change %	2023 Rs.	2022 Rs.	Change %
<b>Gross income</b>	<b>3,928,305,365</b>	<b>3,336,279,574</b>	<b>18</b>	<b>4,017,622,784</b>	<b>3,416,451,937</b>	<b>18</b>
Interest income	3,528,663,131	3,091,131,172	14	3,530,524,431	3,095,824,636	14
Interest expense	(1,972,952,793)	(1,686,246,868)	17	(1,967,743,899)	(1,685,109,641)	17
<b>Net interest income</b>	<b>1,555,710,338</b>	<b>1,404,884,304</b>	<b>11</b>	<b>1,562,780,532</b>	<b>1,410,714,995</b>	<b>11</b>
Fee and commission income	28,740,469	12,050,815	138	130,083,023	100,316,410	30
Fee and commission expense	(29,973,497)	(8,324,195)	260	(29,973,497)	(8,324,195)	260
<b>Net fee and commission income</b>	<b>(1,233,028)</b>	<b>3,726,620</b>	<b>(133)</b>	<b>100,109,526</b>	<b>91,992,215</b>	<b>9</b>
Net gain from trading	56,785,341	12,080,254	370	57,914,463	17,366,136	233
Net gain from financial instruments designated at fair value through profit or loss	244,141,018	98,009,675	149	254,792,128	97,865,313	160
Other operating income	69,975,406	123,007,658	(43)	44,308,739	105,079,442	(58)
<b>Net other operating income</b>	<b>370,901,765</b>	<b>233,097,587</b>	<b>59</b>	<b>357,015,330</b>	<b>220,310,891</b>	<b>62</b>
<b>Total operating income</b>	<b>1,925,379,075</b>	<b>1,641,708,511</b>	<b>17</b>	<b>2,019,905,388</b>	<b>1,723,018,101</b>	<b>17</b>
Impairment charges and other credit losses	(288,834,062)	(371,308,580)	(22)	(288,834,062)	(371,308,580)	(22)
<b>Net operating income</b>	<b>1,636,545,013</b>	<b>1,270,399,931</b>	<b>29</b>	<b>1,731,071,326</b>	<b>1,351,709,521</b>	<b>28</b>
Personnel expenses	(469,727,943)	(415,642,965)	13	(488,261,812)	(434,366,560)	12
Depreciation	(159,532,457)	(188,312,565)	(15)	(163,518,541)	(192,485,371)	(15)
Amortization	(5,210,973)	(7,510,591)	(31)	(5,252,945)	(7,549,237)	(30)
Other operating expenses	(435,196,609)	(349,139,462)	25	(446,260,615)	(355,922,407)	25
<b>Operating profit before taxation on financial services</b>	<b>566,877,031</b>	<b>309,794,348</b>	<b>83</b>	<b>627,777,413</b>	<b>361,385,946</b>	<b>74</b>
Taxes on financial services	(151,828,732)	(123,908,186)	23	(151,828,732)	(123,908,186)	23
<b>Operating profit after taxation on financial services</b>	<b>415,048,299</b>	<b>185,886,162</b>	<b>123</b>	<b>475,948,681</b>	<b>237,477,760</b>	<b>100</b>
Share of profits of associate, net of tax	4,870,687	-	100	4,870,687	-	100
<b>Profit before income tax</b>	<b>419,918,986</b>	<b>185,886,162</b>	<b>126</b>	<b>480,819,368</b>	<b>237,477,760</b>	<b>102</b>
Income tax expense	(117,024,362)	(60,358,697)	94	(138,603,175)	(73,380,527)	89
<b>Profit for the period</b>	<b>302,894,624</b>	<b>125,527,465</b>	<b>141</b>	<b>342,216,193</b>	<b>164,097,233</b>	<b>109</b>
Basic/Diluted earnings per share	3.51	1.47	139	3.97	1.92	106

Figures in brackets in 2023 and 2022 columns indicate deductions.  
The above figures are provisional and subject to audit.

### *Statement of other comprehensive income*

<i>For the period ended 30 September</i>	<b>Company</b>			<b>Group</b>		
	<b>2023</b>	<b>2022</b>	<b>Change</b>	<b>2023</b>	<b>2022</b>	<b>Change</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>%</b>	<b>Rs.</b>	<b>Rs.</b>	<b>%</b>
Profit for the period	302,894,624	125,527,465	<b>141</b>	342,216,193	164,097,233	<b>109</b>
<b>Other comprehensive income</b>						
<b>Items that will not be reclassified to profit or loss</b>						
Actuarial gain on defined benefit plans	-	-	-	-	-	-
Deferred tax effect on actuarial gain	-	-	-	-	-	-
Changes in fair value of investments in equity at fair value through other comprehensive income	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>302,894,624</b>	<b>125,527,465</b>	<b>141</b>	<b>342,216,193</b>	<b>164,097,233</b>	<b>109</b>

*Figures in brackets in 2023 and 2022 columns indicate deductions.  
The above figures are provisional and subject to audit.*

## Statement of financial position

As at	Company			Group		
	30.09.2023 Rs.	31.03.2023 Rs. Audited	30.09.2022 Rs.	30.09.2023 Rs.	31.03.2023 Rs. Audited	30.09.2022 Rs.
<b>Assets</b>						
Cash and cash equivalents	534,284,324	492,429,493	601,774,370	570,037,935	515,465,068	613,024,653
Deposits with licensed financial institutions	4,251,672,175	5,113,380,978	7,840,304,502	4,259,776,285	5,121,558,512	7,845,299,491
Repurchase agreements	202,065,833	666,610,501	577,346,821	202,065,833	666,610,501	577,346,821
Financial assets held at fair value through profit or loss	2,191,882,573	485,751,196	483,870,271	2,296,936,931	556,025,320	526,995,698
Financial assets at amortised cost - Finance leases and hire purchases	20,038,963,354	19,695,389,245	21,261,977,617	20,038,963,354	19,695,389,245	21,261,977,617
Financial assets at amortised cost - Other loans and receivables	2,763,289,392	4,558,292,534	5,038,221,956	2,763,437,792	4,558,593,534	5,038,319,956
Financial assets measured at fair value through other comprehensive income	360,242,379	360,242,379	14,762,768	360,242,379	360,242,379	14,762,778
Financial assets at amortised cost - Other financial instruments	1,367,434,304	1,674,913,303	1,124,017,939	1,367,434,304	1,674,913,303	1,124,017,939
Investments in subsidiaries	328,301,663	328,301,663	328,301,663	-	-	-
Investment in associate	121,610,824	116,740,137	-	121,610,824	116,740,137	-
Investment property	350,609,748	352,724,122	354,838,497	254,948,236	257,062,610	259,176,985
Property, plant and equipment	1,007,273,281	1,100,527,672	1,202,509,209	1,014,134,465	1,108,074,539	1,210,820,004
Intangible assets	55,577,345	58,328,337	56,661,542	56,117,124	58,799,228	57,171,078
Current tax receivable	-	-	18,278,894	-	-	17,338,773
Right-of-use assets	347,683,897	346,392,989	358,500,498	350,921,971	352,869,137	368,214,716
Deferred tax assets	188,318,581	109,259,525	-	189,105,592	109,990,943	-
Other assets	286,884,214	197,954,691	176,497,477	267,933,428	171,620,428	181,923,277
<b>Total assets</b>	<b>34,396,093,887</b>	<b>35,657,238,765</b>	<b>39,437,864,024</b>	<b>34,113,666,453</b>	<b>35,323,954,884</b>	<b>39,096,389,786</b>
<b>Liabilities</b>						
Due to banks	5,540,775,633	6,866,156,797	8,086,326,040	5,542,684,229	6,866,404,668	8,086,326,040
Financial liabilities at amortised cost - Due to depositors	12,183,508,531	10,263,254,075	9,811,446,116	12,117,384,744	10,176,610,569	9,723,420,407
Financial liabilities at amortised cost - Other borrowings	5,333,270,309	7,597,711,767	10,815,997,020	5,333,270,309	7,597,711,767	10,815,997,020
Subordinated debentures	1,773,550,511	1,768,800,757	1,768,985,169	1,773,550,511	1,768,800,757	1,768,985,169
Lease liabilities	359,591,237	354,424,986	362,285,963	363,980,030	362,960,317	373,997,978
Deferred tax liabilities	-	-	115,876,588	-	-	114,715,893
Current tax payable	121,661,291	137,312,045	-	123,641,393	143,525,569	-
Amounts due to related company	282,122,456	282,122,456	282,122,456	-	-	-
Employee retirement benefits	118,333,547	118,815,083	126,003,780	122,298,294	121,745,571	131,571,888
Other liabilities	460,932,612	293,105,771	418,313,615	469,909,700	305,382,724	419,607,947
<b>Total liabilities</b>	<b>26,173,746,127</b>	<b>27,681,703,737</b>	<b>31,787,356,747</b>	<b>25,846,719,210</b>	<b>27,343,141,942</b>	<b>31,434,622,342</b>
<b>Equity</b>						
Stated capital	2,424,777,045	2,424,777,045	2,424,777,045	2,424,777,045	2,424,777,045	2,424,777,045
Statutory reserve fund	531,036,033	531,036,033	506,036,033	535,997,079	535,997,079	510,997,079
Fair value reserve	4,538,373	4,538,373	4,058,762	4,538,373	4,538,373	4,058,762
Retained earnings	5,261,996,309	5,015,183,577	4,715,635,437	5,301,634,746	5,015,500,445	4,721,934,558
<b>Total equity</b>	<b>8,222,347,760</b>	<b>7,975,535,028</b>	<b>7,650,507,277</b>	<b>8,266,947,243</b>	<b>7,980,812,942</b>	<b>7,661,767,444</b>
<b>Total liabilities and equity</b>	<b>34,396,093,887</b>	<b>35,657,238,765</b>	<b>39,437,864,024</b>	<b>34,113,666,453</b>	<b>35,323,954,884</b>	<b>39,096,389,786</b>
<b>Net assets per share</b>	<b>95.30</b>	<b>92.44</b>	<b>88.67</b>	<b>95.82</b>	<b>92.50</b>	<b>88.80</b>

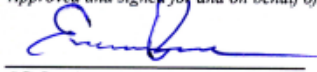
Figures in brackets indicate deductions.


The above figures are provisional and subject to audit, unless stated otherwise.

It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007 and the Finance Business Act No.42 of 2011.

  
P K Rajapaksa  
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.  
Approved and signed for and on behalf of the Board.

  
S D Bandaranayake  
Additional Chief Executive Officer

  
L Balasuriya  
Chief Executive Officer/Managing Director

Colombo, Sri Lanka  
09 November 2023

## Statement of changes in equity

	Stated capital	Statutory reserve fund	Fair value reserve	Retained earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Company</b>					
<b>Balance as at 1 April 2022</b>	2,424,777,045	506,036,033	4,058,762	4,710,899,740	7,645,771,580
Total comprehensive income for the period					
Profit for the year	-	-	-	125,527,465	125,527,465
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	125,527,465	125,527,465
<i>Transactions with equity holders recognised directly in equity</i>					
Dividends paid	-	-	-	(120,791,768)	(120,791,768)
Total contributions from and distributions to equity holders	-	-	-	(120,791,768)	(120,791,768)
<b>Balance as at 30 September 2022</b>	<u>2,424,777,045</u>	<u>506,036,033</u>	<u>4,058,762</u>	<u>4,715,635,437</u>	<u>7,650,507,277</u>
<b>Balance as at 1 April 2023</b>	2,424,777,045	531,036,033	4,538,373	5,015,183,577	7,975,535,028
Total comprehensive income for the period					
Profit for the year	-	-	-	302,894,624	302,894,624
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	302,894,624	302,894,624
<i>Transactions with equity holders recognised directly in equity</i>					
Dividends paid	-	-	-	(56,081,892)	(56,081,892)
Total contributions from and distributions to equity holders	-	-	-	(56,081,892)	(56,081,892)
<b>Balance as at 30 September 2023</b>	<u>2,424,777,045</u>	<u>531,036,033</u>	<u>4,538,373</u>	<u>5,261,996,309</u>	<u>8,222,347,760</u>
<b>Group</b>					
<b>Balance as at 1 April 2022</b>	2,424,777,045	510,997,079	4,058,762	4,678,629,093	7,618,461,979
Total comprehensive income for the period					
Profit for the year	-	-	-	164,097,233	164,097,233
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	164,097,233	164,097,233
<i>Transactions with equity holders recognised directly in equity</i>					
Dividends paid	-	-	-	(120,791,768)	(120,791,768)
Total contributions from and distributions to equity holders	-	-	-	(120,791,768)	(120,791,768)
<b>Balance as at 30 September 2022</b>	<u>2,424,777,045</u>	<u>510,997,079</u>	<u>4,058,762</u>	<u>4,721,934,558</u>	<u>7,661,767,444</u>
<b>Balance as at 1 April 2023</b>	2,424,777,045	535,997,079	4,538,373	5,015,500,445	7,980,812,942
Total comprehensive income for the period					
Profit for the year	-	-	-	342,216,193	342,216,193
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	342,216,193	342,216,193
<i>Transactions with equity holders recognised directly in equity</i>					
Dividends paid	-	-	-	(56,081,892)	(56,081,892)
Total contributions from and distributions to equity holders	-	-	-	(56,081,892)	(56,081,892)
<b>Balance as at 30 September 2023</b>	<u>2,424,777,045</u>	<u>535,997,079</u>	<u>4,538,373</u>	<u>5,301,634,746</u>	<u>8,266,947,243</u>

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit.



## Statement of cash flows

For the period ended 30 September	Company		Group	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
<b>Cash flows from operating activities</b>				
Interest and commission receipts	3,397,113,363	2,536,222,960	3,500,317,217	2,629,182,019
Interest payments	(2,018,298,793)	(1,758,327,920)	(2,012,700,437)	(1,756,411,737)
Recoveries of bad debts	28,168,878	27,754,925	28,168,878	27,754,925
Other operating income	25,845,546	23,864,547	25,678,879	23,714,557
Operating expenses	(606,161,184)	(476,870,475)	(617,225,190)	(483,653,420)
Rent expenses	(5,404,613)	(921,135)	(5,404,613)	(921,135)
Cash payments to employees	(459,438,529)	(396,709,154)	(476,938,139)	(414,468,480)
<b>Operating cash flow before changes in operating assets and liabilities (Note A)</b>	<b>361,824,668</b>	<b>(44,986,252)</b>	<b>441,896,595</b>	<b>25,196,729</b>
<b>Changes in operating assets and liabilities</b>				
Net funds received from / (paid to) customers	1,289,194,959	(34,046,602)	1,289,347,559	(33,899,602)
Net deposits from customers	1,920,254,456	(1,012,537,264)	1,940,774,175	(1,058,918,044)
Net deposits with licensed financial institutions	732,860,172	987,548,554	732,933,596	990,805,723
Government and other securities	772,023,667	892,314,298	772,023,667	892,314,298
Other assets	(97,429,523)	(38,768,833)	(96,313,000)	(83,312,126)
Other liabilities	204,329,987	(183,224,954)	196,454,314	(184,714,752)
	<u>4,821,233,718</u>	<u>611,285,199</u>	<u>4,835,220,311</u>	<u>522,275,497</u>
<b>Net cash flow from operating activities before taxation</b>	<b>5,183,058,386</b>	<b>566,298,947</b>	<b>5,277,116,906</b>	<b>547,472,226</b>
Taxes paid	(250,949,164)	(233,076,114)	(272,241,186)	(248,552,100)
Retirement benefit liabilities paid	(10,770,950)	(1,850,600)	(10,770,950)	(1,850,600)
<b>Net cash generated from operating activities</b>	<b>4,921,338,272</b>	<b>331,372,233</b>	<b>4,994,104,770</b>	<b>297,069,526</b>
<b>Cash flows from investing activities</b>				
Net investment in trading securities	(1,405,205,020)	(86,119,107)	(1,428,205,020)	(56,119,117)
Dividends received	40,791,905	20,872,208	6,791,905	3,093,982
Purchase of property, plant and equipment	(8,511,055)	(11,983,829)	(8,573,382)	(12,011,095)
Purchase of intangible assets	(2,459,981)	(142,000)	(2,570,841)	(142,000)
Proceeds from sale of property, plant and equipment	9,550,000	20,738,455	9,550,000	20,738,455
Addition of right-of-use assets	(14,345,684)	(10,686,800)	(14,345,684)	(10,686,800)
<b>Net cash used in investing activities</b>	<b>(1,380,179,835)</b>	<b>(67,321,073)</b>	<b>(1,437,353,022)</b>	<b>(55,126,575)</b>
<b>Cash flows from financing activities</b>				
Borrowings obtained	576,889,216	2,500,000,000	576,889,216	2,500,000,000
Repayment of borrowings	(3,952,257,231)	(2,587,488,168)	(3,952,257,231)	(2,587,488,168)
Repayment of lease liabilities	(67,136,992)	(63,876,003)	(71,672,992)	(67,878,003)
Dividends paid	(53,370,046)	(120,791,768)	(53,370,046)	(120,791,768)
<b>Net cash used in financing activities</b>	<b>(3,495,875,053)</b>	<b>(272,155,939)</b>	<b>(3,500,411,053)</b>	<b>(276,157,939)</b>

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit.

**Statement of cash flows (Continued)**

<i>For the period ended 30 September</i>	Company		Group	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Net increase / (decrease) in cash and cash equivalents	45,283,384	(8,104,779)	56,340,695	(34,214,988)
Cash and cash equivalents at the beginning of the period	354,311,064	419,678,324	377,098,768	457,038,816
Cash and cash equivalents at the end of the period	<u>399,594,448</u>	<u>411,573,545</u>	<u>433,439,463</u>	<u>422,823,828</u>
<b>Reconciliation of cash and cash equivalents</b>				
Cash and cash equivalents	534,284,324	601,774,370	570,037,935	613,024,653
Bank overdrafts	(134,689,876)	(190,200,825)	(136,598,472)	(190,200,825)
	<u>399,594,448</u>	<u>411,573,545</u>	<u>433,439,463</u>	<u>422,823,828</u>
<i>Note A</i>				
<b>Reconciliation of operating profit</b>				
Profit before income tax	419,918,986	185,886,162	480,819,368	237,477,760
Depreciation and amortisation	164,743,430	195,823,156	168,771,486	200,034,608
Dividends received	(32,291,905)	(20,872,208)	(6,791,905)	(3,093,982)
Profit on disposal of property, plant and equipment	(9,550,000)	(8,916,033)	(9,550,000)	(8,916,033)
Provision for defined benefit plan	10,289,414	18,933,811	11,323,673	19,898,080
Impairment charge on financial assets	289,112,051	402,115,016	289,112,051	402,115,016
Net gain from trading	(56,785,341)	(12,080,254)	(57,914,463)	(17,366,136)
Net gain from financial instruments designated at FVTPL	(244,141,018)	(98,009,675)	(254,792,128)	(97,865,313)
Net loss from auction of pawned articles	33,323,930	528,722	33,323,930	528,722
Share of profits of associate, net of tax	(4,870,687)	-	(4,870,687)	-
Unrealised gain from foreign currency conversion	(2,287,955)	(69,354,870)	(2,287,955)	(69,354,870)
Interest adjustments on lease liabilities	29,705,384	28,423,791	30,094,846	29,202,747
Net interest accrued for lease, hire purchases, other loans and receivables	(160,290,237)	(566,959,028)	(160,290,237)	(566,959,028)
Accrued interest on borrowings	(79,801,138)	(100,942,821)	(79,801,138)	(100,942,821)
Accrued interest on debentures	4,749,754	437,979	4,749,754	437,979
	<u>361,824,668</u>	<u>(44,986,252)</u>	<u>441,896,595</u>	<u>25,196,729</u>

*Figures in brackets indicate deductions.*

*The above figures are provisional and subject to audit.*

## Financial instruments – Classification and fair values

### Financial instruments classifications and fair values - Company

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	30-Sep-23					31-Mar-23						
	Carrying amount Rs.				Fair value Rs.		Carrying amount Rs.				Fair value Rs.	
	Designated at FVTPL	Designated at FVOCI	Designated at Amortized Cost	Total	Total	Level	Designated at FVTPL	Designated at FVOCI	Designated at Amortized Cost	Total	Total	Level
<b>Financial assets measured at fair value</b>												
Investments in equity securities - quoted	266,675,115	-	-	266,675,115	266,675,115	Level 1	197,400,984	-	-	197,400,984	197,400,984	Level 1
Investments in equity securities - unquoted	-	360,242,379	-	360,242,379	360,242,379	Level 3	-	360,242,379	-	360,242,379	360,242,379	Level 3
Investments in unit trusts - unquoted	1,925,207,458	-	-	1,925,207,458	1,925,207,458	Level 2	288,350,212	-	-	288,350,212	288,350,212	Level 2
	<u>2,191,882,573</u>	<u>360,242,379</u>	<u>-</u>	<u>2,552,124,952</u>	<u>2,552,124,952</u>		<u>485,751,196</u>	<u>360,242,379</u>	<u>-</u>	<u>845,993,575</u>	<u>845,993,575</u>	
<b>Financial assets not measured at fair value</b>												
Cash and cash equivalents	-	-	534,284,324	534,284,324	-		-	-	492,429,493	492,429,493	-	
Deposits with licensed financial institutions	-	-	4,251,672,175	4,251,672,175	-		-	-	5,113,380,978	5,113,380,978	-	
Repurchase agreements	-	-	202,065,833	202,065,833	-		-	-	666,610,501	666,610,501	-	
Finance leases and hire purchases	-	-	20,038,963,354	20,038,963,354	-		-	-	19,695,389,245	19,695,389,245	-	
Other loans and receivables	-	-	2,763,289,392	2,763,289,392	-		-	-	4,558,292,534	4,558,292,534	-	
Investment in government treasury bills	-	-	1,359,916,360	1,359,916,360	1,383,297,840	Level 1	-	-	1,667,371,333	1,667,371,333	1,651,704,930	Level 1
Investment in debentures	-	-	7,517,944	7,517,944	10,372,013	Level 3	-	-	7,541,970	7,541,970	8,852,210	Level 3
Other financial assets	-	-	43,404,263	43,404,263	-		-	-	44,163,258	44,163,258	-	
	<u>-</u>	<u>-</u>	<u>29,201,113,645</u>	<u>29,201,113,645</u>	<u>1,393,669,853</u>		<u>-</u>	<u>-</u>	<u>32,245,179,312</u>	<u>32,245,179,312</u>	<u>1,660,557,140</u>	
<b>Financial liabilities not measured at fair value</b>												
Due to banks	-	-	5,540,775,633	5,540,775,633	-		-	-	6,866,156,797	6,866,156,797	-	
Term deposits from customers	-	-	11,035,584,509	11,035,584,509	10,979,370,456	Level 3	-	-	9,643,980,575	9,643,980,575	10,295,529,542	Level 3
Savings deposits from customers	-	-	1,147,924,022	1,147,924,022	-		-	-	619,273,500	619,273,500	-	
Borrowings	-	-	5,333,270,309	5,333,270,309	-		-	-	7,597,711,767	7,597,711,767	-	
Subordinated debentures	-	-	1,773,550,511	1,773,550,511	1,742,579,118	Level 3	-	-	1,768,800,757	1,768,800,757	1,594,216,393	Level 3
Lease liabilities	-	-	359,591,237	359,591,237	-		-	-	354,424,986	354,424,986	-	
Amounts due to related company	-	-	282,122,456	282,122,456	-		-	-	282,122,456	282,122,456	-	
Other financial liabilities	-	-	370,591,645	370,591,645	-		-	-	206,075,224	206,075,224	-	
	<u>-</u>	<u>-</u>	<u>25,843,410,322</u>	<u>25,843,410,322</u>	<u>12,721,949,573</u>		<u>-</u>	<u>-</u>	<u>27,338,546,062</u>	<u>27,338,546,062</u>	<u>11,889,745,935</u>	

## Financial instruments – Classification and fair values

### Financial instruments classifications and fair values - Group

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	30-Sep-23					31-Mar-23						
	Carrying amount Rs.				Fair value Rs.		Carrying amount Rs.				Fair value Rs.	
	Designated at FVTPL	Designated at FVOCI	Designated at Amortized Cost	Total	Total	Level	Designated at FVTPL	Designated at FVOCI	Designated at Amortized Cost	Total	Total	Level
<b>Financial assets measured at fair value</b>												
Investments in equity securities - quoted	266,675,115	-	-	266,675,115	266,675,115	Level 1	197,400,984	-	-	197,400,984	197,400,984	Level 1
Investments in equity securities - unquoted	-	360,242,379	-	360,242,379	360,242,379	Level 3	-	360,242,379	-	360,242,379	360,242,379	Level 3
Investments in unit trusts - unquoted	2,030,261,816	-	-	2,030,261,816	2,030,261,816	Level 2	358,624,336	-	-	358,624,336	358,624,336	Level 2
	<u>2,296,936,931</u>	<u>360,242,379</u>	<u>-</u>	<u>2,657,179,310</u>	<u>2,657,179,310</u>		<u>556,025,320</u>	<u>360,242,379</u>	<u>-</u>	<u>916,267,699</u>	<u>916,267,699</u>	
<b>Financial assets not measured at fair value</b>												
Cash and cash equivalents	-	-	570,037,935	570,037,935	-		-	-	515,465,068	515,465,068	-	
Deposits with licensed financial institutions	-	-	4,259,776,285	4,259,776,285	-		-	-	5,121,558,512	5,121,558,512	-	
Repurchase agreements	-	-	202,065,833	202,065,833	-		-	-	666,610,501	666,610,501	-	
Finance lease and Hire purchases	-	-	20,038,963,354	20,038,963,354	-		-	-	19,695,389,245	19,695,389,245	-	
Other loans and receivables	-	-	2,763,437,792	2,763,437,792	-		-	-	4,558,593,534	4,558,593,534	-	
Investment in treasury bills	-	-	1,359,916,360	1,359,916,360	1,383,297,840	Level 1	-	-	1,667,371,333	1,667,371,333	1,651,704,930	Level 1
Investment in debentures	-	-	7,517,944	7,517,944	10,372,013	Level 3	-	-	7,541,970	7,541,970	8,852,210	Level 3
Other financial assets	-	-	43,404,263	43,404,263	-		-	-	10,163,258	10,163,258	-	
	<u>-</u>	<u>-</u>	<u>29,245,119,766</u>	<u>29,245,119,766</u>	<u>1,383,297,840</u>		<u>-</u>	<u>-</u>	<u>32,242,693,421</u>	<u>32,242,693,421</u>	<u>1,660,557,140</u>	
<b>Financial liabilities not measured at fair value</b>												
Due to banks	-	-	5,542,684,229	5,542,684,229	-		-	-	6,866,404,668	6,866,404,668	-	
Term deposits from customers	-	-	10,969,460,722	10,969,460,722	10,913,285,679	Level 3	-	-	9,557,337,069	9,557,337,069	10,200,888,903	Level 3
Savings deposits from customers	-	-	1,147,924,022	1,147,924,022	-		-	-	619,273,500	619,273,500	-	
Borrowings	-	-	5,333,270,309	5,333,270,309	-		-	-	7,597,711,767	7,597,711,767	-	
Subordinated debentures	-	-	1,773,550,511	1,773,550,511	1,742,579,118	Level 3	-	-	1,768,800,757	1,768,800,757	1,594,216,393	Level 3
Lease liabilities	-	-	363,980,030	363,980,030	-		-	-	362,960,317	362,960,317	-	
Other financial liabilities	-	-	370,591,645	370,591,645	-		-	-	206,075,224	206,075,224	-	
	<u>-</u>	<u>-</u>	<u>25,501,461,468</u>	<u>25,501,461,468</u>	<u>12,655,864,797</u>		<u>-</u>	<u>-</u>	<u>26,978,563,302</u>	<u>26,978,563,302</u>	<u>11,795,105,296</u>	

**Segment report**

As at 30 September	Finance leasing and hire purchase		Pawning advances		Other loans and receivables		Investments		Insurance Brokering		Unit trust management		Unallocated		Total	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
<b>Revenue</b>																
<i>External customers</i>																
Interest	2,807,928,236	2,225,206,051	202,093,193	192,565,060	191,655,033	197,268,383	326,986,669	476,091,678	792,783	666,324	1,068,517	4,027,140	-	-	3,530,524,431	3,095,824,636
Trading	-	-	-	-	-	-	302,055,481	115,375,811	-	-	10,651,110	(144,362)	-	-	312,706,591	115,231,449
Commissions	-	-	-	-	-	-	-	-	59,545,250	56,110,014	41,797,304	32,155,581	3,266	20,528	101,345,820	88,286,123
Rent	-	-	-	-	-	-	13,133,367	14,638,305	-	-	-	-	-	-	13,133,367	14,638,305
Dividends	-	-	-	-	-	-	6,791,905	3,093,982	-	-	-	-	-	-	6,791,905	3,093,982
Other income	28,737,203	16,996,500	-	-	-	-	9,550,000	8,916,033	-	-	-	-	14,833,467	73,464,909	53,120,670	99,377,442
Total revenue	2,836,665,439	2,242,202,551	202,093,193	192,565,060	191,655,033	197,268,383	658,517,422	618,115,809	60,338,033	56,776,338	53,516,931	36,038,359	14,836,733	73,485,437	4,017,622,784	3,416,451,937
<b>Profit before tax</b>															480,819,368	237,477,760
<b>Taxation</b>															(138,603,175)	(73,380,527)
<b>Profit after tax</b>															342,216,193	164,097,233
<b>Segment Assets</b>	20,038,963,354	21,261,977,617	1,377,883,606	2,983,361,037	1,385,405,786	2,054,860,919	9,812,706,950	11,558,650,037	56,589,721	13,541,825	110,443,944	69,626,748	1,331,673,092	1,154,371,603	34,113,666,453	39,096,389,786
<b>Segment Liabilities</b>	18,766,050,222	21,194,775,525	1,336,953,931	1,820,251,796	1,267,899,952	1,864,710,703	4,356,442,900	5,842,837,800	13,762,305	1,822,835	6,930,776	15,590,926	98,679,124	694,632,757	25,846,719,210	31,434,622,342
<b>Information on Cash flows</b>																
Operating activities	2,825,962,374	(332,282,910.00)	212,679,555	(103,508,519.00)	177,935,356	(126,202,486.00)	1,920,468,909	1,226,750,863	5,269,089	(86,088,581)	19,126,475	10,579,791	(167,336,988)	(292,178,632)	4,994,104,770	297,069,526
Investing activities	-	-	-	-	-	-	(1,411,863,115)	(32,286,680)	-	-	-	-	-	-	(1,411,863,115)	(32,286,680)
Capital expenditure	(14,944,658)	(12,432,751.00)	(1,027,598)	(1,744,493.00)	(1,033,208)	(1,201,561.00)	(7,318,121)	(6,758,816)	(173,187)	(27,266)	-	-	(993,135)	(675,008)	(25,489,907)	(22,839,895)
Financing activities	-	-	-	-	-	-	-	-	-	-	-	-	(3,500,411,053)	(276,157,939)	(3,500,411,053)	(276,157,939)
<b>Net cash flow</b>	2,811,017,716	(344,715,661)	211,651,957	(105,253,012)	176,902,148	(127,404,047)	501,287,673	1,187,705,367	5,095,902	(86,115,847)	19,126,475	10,579,791	(3,668,741,176)	(569,011,579)	56,340,695	(34,214,988)
<b>Depreciation and amortisation</b>	(135,034,710)	(150,016,249)	(9,285,017)	(21,049,436)	(9,335,706)	(14,498,300)	(2,114,374)	(2,114,374)	(86,901)	(279,066)	(3,941,155)	(3,932,386)	(8,973,623)	(8,144,797)	(168,771,486)	(200,034,608)
<b>Impairment charges and other credit losses</b>	(233,997,082)	(385,315,980)	(30,710,356)	(308,735)	(24,214,954)	14,257,252	-	-	-	-	-	-	88,330	58,883	(288,834,062)	(371,308,580)

## Selected performance indicators

As at 30 September	2023	2022
<b>Regulatory Capital Adequacy</b>		
Core Capital - Tier 1 (Rs. '000)	7,649,706	7,432,069
Total Capital Base - Tier 1 and 2 (Rs. '000)	8,240,462	8,099,879
Core Capital Adequacy Ratio, (Min. Req. 8.5%)	24.52%	22.61%
Total Capital Adequacy Ratio, (Min. Req. 12.5%)	26.41%	24.65%
Capital Funds to Deposit Liabilities Ratio, (Min. Req. 10%)	67.64%	82.56%

Computed as per Finance Business Act Direction No. 03 of 2018 (Capital Adequacy Requirements)

Quality of Loan Portfolio	90 dpd	90 dpd	120 dpd
Gross Stage 3 Loans Ratio	19.93%	24.38%	18.98%
Net Stage 3 Loans Ratio	12.29%	16.53%	11.68%
Net Stage 3 Loans to Core Capital Ratio	41.85%	65.38%	46.23%
Stage 3 Impairment Coverage Ratio	38.30%	32.22%	38.43%
Total Impairment Coverage Ratio	12.43%	10.56%	10.56%

As per the Finance Business Act Direction No. 01 of 2020 (Classification and Measurement of Credit Facilities), LFCs are required to classify credit facilities as NPLs based on days past due period and / or potential risk, effective from 01 April 2022. Accordingly, for the period ended 30 September 2023, the Company classified loans and advances with principal and / or interest past due for more than 90 days from the due date, as opposed to 120 days up to 31 March 2023, as NPL.

Profitability		
Net Interest Margin	9.49%	8.13%
Return on Assets (before Tax)	3.07%	1.63%
Return on Equity (after Tax)	7.63%	3.59%
Cost to Income Ratio	56.24%	58.72%

Liquidity		
Required Minimum Amount of Liquid Assets (Rs. '000)	1,571,974	1,408,697
Available Liquid Assets (Rs. '000)	2,039,583	2,316,623
Available Liquid Assets to Required Liquid Assets	129.75%	164.45%
Liquid Assets to External Funds	8.21%	7.60%

Computed as per CBSL guidelines

Memorandum information		
Number of Employees	842	820
Number of Branches	100	100
External Credit Rating by Fitch Ratings Lanka Limited	BBB (lka) Stable outlook	BBB+ (lka) RWN

There are no regulatory restrictions and penalties imposed by the Central Bank of Sri Lanka over the operations of the Company.

The above figures are provisional and subject to audit.

## Notes to the financial statements

### 1 General

The financial statements of the Company and the Group are prepared on the basis of the accounting policies and methods of computation applied in the year ended March 31, 2023 and are in accordance with Sri Lanka Accounting Standards (LKASs/SLFRSs). The interim financial statements are prepared in compliance with Sri Lanka Accounting Standard (LKAS) 34 - Interim Financial Reporting.

### 2 Changes in the Board of Directors of the Company

#### 2.1 Retirement of the Chairman

Mr. W. M. R. S. Dias retired from his position as the Chairman of the Board of Directors upon completing a nine year term as an Independent Non-executive Director of the Company, on August 15, 2023 in terms of Section 3.3 of the Finance Business Act Direction No. 05 of 2021 (Corporate Governance Direction).

Mr. R. Senanayake, an Independent Non-Executive Director who served the Board since April 1, 2017 was appointed as the Chairman of the Board of Directors on retirement of his predecessor, in terms of the Finance Business Act Direction No. 6 of 2021 (Assessment of Fitness and Propriety of Key Responsible Persons).

#### 2.2 Retirement of Director

Dr. A. Balasuriya retired from his position as an Executive Director of the Company with effect from August 16, 2023 on reaching the maximum retirement age permitted by the Finance Business Act Direction No. 05 of 2021 (Corporate Governance Direction).

#### 2.3 Appointment of Director

Mr. A. Herath has been appointed as an Independent Non-Executive Director of the Company with effect from October 12, 2023.

3 There were no material changes in the composition of assets, liabilities and contingent liabilities during the period.

4 All known expenses have been provided for in these financial statements.

5 The Board of Directors has declared and paid the following dividend.

Year	Dividend	Dividend per share Rs.	Total amount paid Rs.	Date of payment
2022/23	Final dividend	0.65	56,081,892	22-Aug-23

### 6 Debenture Information

#### 6.1 Debenture issue -August 2019

Utilization of funds raised via capital market Debenture issue as at November 09, 2023

Objective number	Objective as per prospectus	Amount allocated as per prospectus Rs.	Proposed date of utilization as per prospectus	Amount allocated from proceeds in Rs. (A)	% of total proceeds	Amount utilized in Rs. (B)	% of utilization against allocation (B/A)	Clarification if not fully utilized including where the funds are invested
1	Strengthen the capital structure	1,750 Mn	31-Aug-19	1,750 Mn	100	1,750 Mn	100	Not Applicable
2	Expansion of the lending portfolio	1,750 Mn	Within 12 months from the date of allotment	1,750 Mn	100	1,750 Mn	100	Not Applicable

#### 6.2 Information on listed debenture

Type of Debenture	Date of issue	Date of maturity	Effective annual yield %	Current yield %	Yield to maturity %	Last traded value Rs.	Highest traded value Rs.	Lowest traded value Rs.
5 year - 12.875% payable Semi- Annually	19-Aug	24-Aug	13.29%	Not traded	Not traded	Not traded	Not traded	Not traded

#### 6.3 Interest rate of comparable government securities

As at	30.09.2023	30.09.2022
5 year Treasury Bonds	14.50%	25.75%

*Notes to the financial statements (continued)*

**7 Share information**

**7.1 Directors' shareholdings**

As at	30.09.2023
1. Mr. L. Balasuriya & Mr. S. K. Balasuriya	2,963,360
2. Mr. L. Balasuriya & Ms. A. S. Balasuriya	2,963,358
3. Ms. L. Fernando & Ms. S.A. Fernando	1,735,089
4. Ms. L. Fernando & Mr. A. R. Fernando	1,735,088
5. Ms. L. Fernando & Ms. A. L. Fernando	1,735,088
6. Mr. L. Balasuriya - The Trustee of the Capitalisation Issue	16
7. Mr. S. D. Bandaranayake	Nil
8. Mr. R. Senanayake	Nil
9. Mr. N. Vasantha Kumar	Nil
10. Dr. (Ms.) R. A. Perera	Nil

**7.2 Key Management Shareholdings**

The number of shares held by the Key Management Personnel.

As at	30.09.2023	30.09.2022
1. Mr. P.P.K. Ikiriwatte	16,977	16,977
2. Mr. J.K. Jayatileke	16,963	16,963

**7.3 Stated Capital**

Stated capital is represented by the number of shares in issue as set out below:

As at	30.09.2023	30.09.2022
Ordinary shares	86,279,834	86,279,834

**7.4 The 20 largest shareholders of the Company as at 30 September 2023 were:**

Shareholder	Number of Shares	%
1. E. W. Balasuriya & Co. (Pvt) Limited	44,781,393	51.90
2. Hallsville Trading Group Inc.	7,088,562	8.22
3. Dr. (Mrs.) G. Madan Mohan	5,926,720	6.87
4. Mr. R. Balasuriya	5,926,719	6.87
5. Late Dr. M. Balasuriya	4,172,046	4.84
6. Dr. A. Balasuriya & Mr. D. Balasuriya	2,963,360	3.43
7. Mr. L. Balasuriya & Mr. S. K. Balasuriya	2,963,360	3.43
8. Mr. L. Balasuriya & Ms. A. S. Balasuriya	2,963,358	3.43
9. Dr. A. Balasuriya & Mr. S. Balasuriya	2,963,358	3.43
10. Ms. L. Fernando & Ms. S. A. Fernando	1,735,089	2.01
11. Ms. L. Fernando & Mr. A. R. Fernando	1,735,088	2.01
12. Ms. L. Fernando & Ms. A. L. Fernando	1,735,088	2.01
13. Mr. D. K. C. R. Fernando	721,444	0.84
14. Mrs. C. Fernando	185,237	0.21
15. Estate of the late Mr. D. G. K. Hewamallika	172,888	0.20
16. Mr. I. M. Thaha	144,073	0.17
17. Mr. M. M. Ariyaratne	37,679	0.04
18. Mr. P. P. K. Ikiriwatte	16,977	0.02
19. Mr. J. K. Jayatileke	16,963	0.02
20. Mrs. S. Thaha	14,408	0.02
	<b>86,263,810</b>	

**7.5 The float adjusted market capitalisation and public holding**

As at	30.09.2023	30.09.2022	Minimum Requirement
The float adjusted market capitalisation (Rs.)	8,852,466,272	7,410,937,318	1 Bn
Public holding percentage	21.42%	21.42%	7.5%
Number of public shareholders	204	187	200

**7.6** The securities of the Company have been transferred out of the Second Board of the Colombo Stock Exchange with effect from October 13, 2023 upon compliance with the minimum public holding requirement in terms of Rule 7.13.1. of the CSE Listing Rules.



## *Notes to the financial statements (continued)*

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### **7.7 Information on ratios and share prices**

As at	30.09.2023	30.09.2022
Dividend per share (Rs.)	Nil	Nil
Net Assets per share (Rs.)	95.30	88.67
Market Prices (Rs.)		
- Highest price	585.00	455.00
- Lowest price	315.25	280.00
- Last traded price	479.00	401.00

- 8** Fitch Ratings Lanka Ltd revised the National Long Term Rating of the Company to BBB (lka) with a stable outlook with effect from October 16, 2023.

The Subordinated Listed debenture of the Company is rated two notches below its National Long-term rating, at BB+ (lka) with a stable outlook.

### **9 Events after the reporting period**

There were no material events that occurred after the reporting period that require adjustment to or disclosure in the Financial Statements other than the disclosures above.