



# Senkadagala Finance PLC

**Interim Financial Statement for the period ended  
31<sup>st</sup> December 2013**



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

Senkadagala Finance PLC

## *Income Statement*

<i>For the three month period ended 31st December</i>	<b>Company</b>		<b>Group</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>
Interest income	905,595,131	739,900,456	905,873,822	739,900,456
Interest expense	(491,831,838)	(394,300,073)	(490,819,241)	(394,300,073)
<b>Net interest income</b>	<b>413,763,293</b>	<b>345,600,383</b>	<b>415,054,581</b>	<b>345,600,383</b>
Fee and commission income	7,532,897	24,790,930	23,129,545	24,790,930
Fee and commission expense	(8,505,110)	(3,806,250)	(8,505,110)	(3,806,250)
<b>Net fee and commission income</b>	<b>(972,213)</b>	<b>20,984,680</b>	<b>14,624,435</b>	<b>20,984,680</b>
Net gain/(loss) from trading	1,176	-	1,176	-
Net gain/(loss) from financial instruments designated at fair value through profit or loss	2,910,013	(1,836,387)	2,910,013	(1,836,387)
Other operating income	6,726,803	5,465,223	6,501,803	5,465,223
Impairment expenses for loans and advances and other losses	(58,433,899)	(7,869,702)	(58,433,899)	(7,869,702)
	(48,795,907)	(4,240,866)	(49,020,907)	(4,240,866)
<b>Net operating income</b>	<b>363,995,173</b>	<b>362,344,197</b>	<b>380,658,108</b>	<b>362,344,197</b>
Personnel expenses	(77,800,782)	(61,871,159)	(78,377,949)	(61,871,159)
Depreciation of property plant and equipment	(36,977,018)	(28,944,257)	(37,246,268)	(28,944,257)
Amortisation of intangible assets	(2,516,081)	(2,202,799)	(2,516,081)	(2,202,799)
Other operating expenses	(117,238,199)	(95,718,401)	(117,656,713)	(95,718,401)
<b>Operating profit before VAT on Financial Services and Income tax</b>	<b>129,463,093</b>	<b>173,607,581</b>	<b>144,861,097</b>	<b>173,607,581</b>
Value Added Tax on Financial Services	(2,873,440)	(13,734,028)	(2,873,440)	(13,734,028)
<b>Profit before Income tax</b>	<b>126,589,653</b>	<b>159,873,553</b>	<b>141,987,657</b>	<b>159,873,553</b>
Income tax expense	(21,866,114)	(34,844,925)	(26,235,476)	(34,844,925)
<b>Profit for the period</b>	<b>104,723,539</b>	<b>125,028,628</b>	<b>115,752,181</b>	<b>125,028,628</b>
Earnings per share	1.92	2.30	2.13	2.30

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

**Statement of Comprehensive Income**

<i>For the three month period ended 31st December</i>	<b>Company</b>		<b>Group</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>
Profit for the period	104,723,539	125,028,628	115,752,181	125,028,628
<b>Other comprehensive income</b>				
Gain/(loss) arising during the year for available for sale financial assets	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-
Reclassification adjustment for gain/(loss) included in the income statement	-	-	-	-
<b>Total other comprehensive income</b>	-	-	-	-
Income tax (charge)/credit related to other comprehensive income	-	-	-	-
Other comprehensive income for the period net of tax	-	-	-	-
<b>Total comprehensive income for the period net of tax</b>	<b>104,723,539</b>	<b>125,028,628</b>	<b>115,752,181</b>	<b>125,028,628</b>

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

## *Income Statement*

<i>For the nine month period ended 31st December</i>	Company		Group	
	2013 Rs	2012 Rs	2013 Rs	2012 Rs
Interest income	2,624,734,925	2,059,758,629	2,625,528,297	2,059,758,629
Interest expense	(1,412,306,840)	(1,082,728,554)	(1,410,114,710)	(1,082,728,554)
<b>Net interest income</b>	<b>1,212,428,085</b>	<b>977,030,075</b>	<b>1,215,413,587</b>	<b>977,030,075</b>
Fee and commission income	22,087,230	66,985,430	60,225,218	66,985,430
Fee and commission expense	(24,061,610)	(11,141,933)	(24,061,610)	(11,141,933)
<b>Net fee and commission income</b>	<b>(1,974,380)</b>	<b>55,843,497</b>	<b>36,163,608</b>	<b>55,843,497</b>
Net gain/(loss) from trading	1,036,293	(552,549)	1,036,293	(552,549)
Net gain/(loss) from financial instruments designated at fair value through profit or loss	5,028,796	6,000,971	5,028,796	6,000,971
Other operating income	31,494,579	26,566,520	22,269,579	26,566,520
Impairment expenses for loans and advances and other losses	(138,478,467)	(18,148,475)	(138,478,467)	(18,148,475)
	(100,918,799)	13,866,467	(110,143,799)	13,866,467
<b>Net operating income</b>	<b>1,109,534,906</b>	<b>1,046,740,039</b>	<b>1,141,433,396</b>	<b>1,046,740,039</b>
Personnel expenses	(225,940,478)	(171,990,755)	(227,516,229)	(173,049,505)
Depreciation of property plant and equipment	(102,335,977)	(82,602,856)	(103,115,434)	(82,602,856)
Amortisation of intangible assets	(7,202,457)	(6,704,089)	(7,202,457)	(6,704,089)
Other operating expenses	(340,676,530)	(258,442,809)	(342,397,400)	(258,667,700)
<b>Operating profit before VAT on Financial Services and Income tax</b>	<b>433,379,464</b>	<b>526,999,530</b>	<b>461,201,876</b>	<b>525,715,889</b>
Value Added Tax on Financial Services	(28,411,389)	(44,156,005)	(28,411,389)	(44,156,005)
<b>Profit before Income tax</b>	<b>404,968,075</b>	<b>482,843,525</b>	<b>432,790,487</b>	<b>481,559,884</b>
Income tax expense	(65,924,614)	(80,534,775)	(76,404,325)	(80,534,775)
<b>Profit for the period</b>	<b>339,043,461</b>	<b>402,308,750</b>	<b>356,386,162</b>	<b>401,025,109</b>
Earnings per share	6.23	7.40	6.55	7.38
Dividend per share	2.00	1.25	2.00	1.25

*Figures in brackets indicate deductions.*

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

*Statement of Comprehensive Income*

<i>For the nine month period ended 31st December</i>	<b>Company</b>		<b>Group</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>
Profit for the period	339,043,461	402,308,750	356,386,162	401,025,109
<b>Other comprehensive income</b>				
Gain/(loss) arising during the period form financial assets available for sale	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-
Reclassification adjustment for gain/(loss) included in the income statement	-	-	-	-
<b>Total other comprehensive income</b>	-	-	-	-
Income tax (charge)/credit related to other comprehensive income	-	-	-	-
Other comprehensive income for the period net of tax	-	-	-	-
<b>Total comprehensive income for the period net of tax</b>	<b>339,043,461</b>	<b>402,308,750</b>	<b>356,386,162</b>	<b>401,025,109</b>

*Figures in brackets indicate deductions.  
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## Statement of Financial Position

As at	Company			Group		
	31.12.2013 Rs	31.03.2013 Rs	31.12.2012 Rs	31.12.2013 Rs	31.03.2013 Rs	31.12.2012 Rs
<b>Assets</b>						
Cash and cash equivalents	483,253,696	333,440,165	160,662,630	503,140,940	340,643,331	169,218,990
Deposit with licensed commercial banks	1,406,012,328	1,061,779,016	-	1,406,012,328	1,061,779,016	-
Repurchase agreements	946,713,592	75,762,008	152,280,328	946,713,592	75,762,008	152,280,328
Financial assets held at fair value through profit and loss	73,524,715	67,627,657	67,104,841	73,524,715	67,627,657	67,104,841
Loans and advances	12,577,943,721	11,559,935,985	11,172,392,573	12,577,943,721	11,559,935,985	11,172,392,573
Financial assets available for sale	11,999,283	1,419,713	1,502,099	11,999,283	1,419,713	1,502,099
Financial assets held to maturity	428,285,339	389,855,927	379,925,042	428,285,339	389,855,927	379,925,042
Investments in subsidiaries	20,000,000	20,000,000	5,000,000	-	-	-
Investments in associate	-	-	-	-	-	-
Investment property	79,706,768	79,934,047	80,009,806	79,706,768	79,934,047	80,009,806
Property plant and equipments	701,533,568	509,374,424	491,668,103	706,367,053	513,622,096	491,668,103
Intangible assets	42,323,850	40,514,509	42,856,789	42,323,850	40,514,509	42,856,789
Other assets	188,298,748	120,938,666	132,487,050	188,416,034	120,938,666	127,647,050
<b>Total assets</b>	<b>16,959,595,608</b>	<b>14,260,582,117</b>	<b>12,685,889,261</b>	<b>16,964,433,622</b>	<b>14,252,032,955</b>	<b>12,684,605,621</b>
<b>Liabilities</b>						
Deposits from customers	4,595,558,129	3,412,464,090	3,273,162,616	4,564,408,077	3,402,441,169	3,273,162,616
Borrowings	5,532,170,462	6,136,152,264	5,233,780,838	5,532,170,462	6,136,152,266	5,233,780,838
Debentures	4,315,570,083	2,618,281,394	2,199,373,792	4,315,570,083	2,618,281,392	2,199,373,792
Current tax liabilities	3,966,756	19,865,236	33,904,931	15,888,526	20,424,528	33,904,931
Other liabilities	271,865,916	266,456,865	291,770,504	277,790,551	266,600,364	291,770,504
Employee benefits	42,892,372	34,222,639	36,821,608	42,892,372	34,222,639	36,821,608
Deferred tax liability	199,092,927	199,092,927	178,788,239	199,122,358	199,094,367	178,788,239
<b>Total liabilities</b>	<b>14,961,116,645</b>	<b>12,686,535,415</b>	<b>11,247,602,528</b>	<b>14,947,842,429</b>	<b>12,677,216,725</b>	<b>11,247,602,528</b>
<b>Equity</b>						
Stated capital	747,152,000	533,680,000	533,680,000	747,152,000	533,680,000	533,680,000
Statutory reserve fund	165,036,033	165,036,033	130,036,033	165,036,033	165,036,033	130,036,033
Investment fund reserve account	170,628,603	154,759,694	154,759,694	170,628,603	154,759,694	154,759,694
Retained earnings	915,662,327	720,570,975	619,811,007	933,774,556	721,340,503	618,527,366
<b>Total equity</b>	<b>1,998,478,963</b>	<b>1,574,046,702</b>	<b>1,438,286,734</b>	<b>2,016,591,192</b>	<b>1,574,816,230</b>	<b>1,437,003,093</b>
<b>Total liabilities and equity</b>	<b>16,959,595,608</b>	<b>14,260,582,117</b>	<b>12,685,889,261</b>	<b>16,964,433,622</b>	<b>14,252,032,955</b>	<b>12,684,605,621</b>
Net assets per share	34.04	29.49	26.95	34.35	29.51	26.93

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit.

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

Sgd

S.D. Bandaranayake

Additional Chief Executive 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.

Sgd

Dr. P. Ramanujam

Chairman

Sgd

L Fernando

Director

Colombo, Sri Lanka

24th January 2014

## Statement of Changes in Equity

For the nine month period ended 31st December

	Stated capital Rs	Statutory reserve fund Rs	Investment fund reserve account Rs	Retained profit Rs	Total Rs
<b>Company</b>					
Balance as at 1st April 2012 (Restated)	533,680,000	130,036,033	97,059,153	365,928,398	1,126,703,584
Total comprehensive income	-	-	-	402,308,750	402,308,750
Transfers to reserves	-	-	57,700,541	(57,700,541)	-
Dividends paid	-	-	-	(90,725,600)	(90,725,600)
Balance as at 31st December 2012	<u>533,680,000</u>	<u>130,036,033</u>	<u>154,759,694</u>	<u>619,811,007</u>	<u>1,438,286,734</u>
Balance as at 1st April 2013	533,680,000	165,036,033	154,759,694	720,570,975	1,574,046,702
Total comprehensive income	-	-	-	339,043,461	339,043,461
Rights issue of shares	213,472,000	-	-	-	213,472,000
Transfers to reserves	-	-	15,868,909	(15,868,909)	-
Dividends paid	-	-	-	(128,083,200)	(128,083,200)
Balance as at 31st December 2013	<u>747,152,000</u>	<u>165,036,033</u>	<u>170,628,603</u>	<u>915,662,327</u>	<u>1,998,478,963</u>
<b>Group</b>					
Balance as at 1st April 2012 (Restated)	533,680,000	130,036,033	97,059,153	365,928,398	1,126,703,584
Total comprehensive income	-	-	-	401,025,109	401,025,109
Transfers to reserves	-	-	57,700,541	(57,700,541)	-
Dividends paid	-	-	-	(90,725,600)	(90,725,600)
Balance as at 31st December 2012	<u>533,680,000</u>	<u>130,036,033</u>	<u>154,759,694</u>	<u>618,527,366</u>	<u>1,437,003,093</u>
Balance as at 1st April 2013	533,680,000	165,036,033	154,759,694	721,340,503	1,574,816,230
Total comprehensive income	-	-	-	356,386,162	356,386,162
Rights issue of shares	213,472,000	-	-	-	213,472,000
Transfers to reserves	-	-	15,868,909	(15,868,909)	-
Dividends paid	-	-	-	(128,083,200)	(128,083,200)
Balance as at 31st December 2013	<u>747,152,000</u>	<u>165,036,033</u>	<u>170,628,603</u>	<u>933,774,556</u>	<u>2,016,591,192</u>

Figures in brackets indicate deductions

The above figures are provisional and subject to audit



## Statement of Cash Flow

<i>For the nine month period ended 31st December</i>	<b>Company</b>		<b>Group</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>
<b>Cash flow from operating activities</b>				
Interest and commission receipts	2,646,822,155	2,126,744,059	2,685,753,515	2,126,744,059
Interest payments	(1,356,035,159)	(1,057,361,251)	(1,353,843,029)	(1,057,361,251)
Recoveries of bad debts	26,929,461	36,019,098	26,929,461	36,019,098
Other operating income	8,538,302	8,647,164	8,313,302	8,647,164
Operating expenditure	(435,985,147)	(317,051,498)	(437,706,017)	(317,276,389)
Cash payments to employees	(216,650,753)	(164,841,179)	(218,226,504)	(165,899,929)
<b>Operating profit before changes in operating assets and liabilities (Note A)</b>	<b>673,618,859</b>	<b>632,156,393</b>	<b>711,220,728</b>	<b>630,872,752</b>
<b>(Increase) / decrease in operating assets and liabilities</b>				
Net funds advanced to customers	(1,154,537,604)	(2,254,683,671)	(1,154,537,603)	(2,254,683,670)
Deposits from customers	1,183,094,039	541,131,989	1,161,966,908	541,131,989
Deposits with Licensed Commercial Banks	(344,233,312)	637,118,275	(344,233,312)	637,118,275
Investments in government and other securities	(909,380,996)	(125,292,820)	(909,380,996)	(125,292,820)
Gratuity Paid	(619,992)	(936,024)	(619,992)	(936,024)
Trade and other receivables	(67,360,082)	19,598,870	(67,477,368)	24,438,870
Other liabilities	42,626,986	(47,166,619)	44,345,758	(47,166,619)
	(1,250,410,961)	(1,230,230,000)	(1,269,936,605)	(1,225,389,999)
<b>Net cash inflow/(outflow) from operating activities before taxation</b>	<b>(576,792,102)</b>	<b>(598,073,606)</b>	<b>(558,715,877)</b>	<b>(594,517,246)</b>
Taxes paid	(81,823,094)	(89,680,038)	(80,912,336)	(89,680,038)
<b>Net cash generated from operating activities</b>	<b>(658,615,196)</b>	<b>(687,753,644)</b>	<b>(639,628,212)</b>	<b>(684,197,284)</b>
<b>Cash flow from investing activities</b>				
Investments in subsidiary companies	-	(5,000,000)	-	-
Net investment in trading securities	90,457	(1,535,178)	90,457	(1,535,178)
Net investment in investment securities	(166,150)	(324,238)	(166,150)	(324,238)
Dividend receipts on investments	9,703,940	1,583,486	703,940	1,583,486
Purchase of property, plant and equipment	(302,921,948)	(157,865,350)	(304,287,218)	(157,865,350)
Purchase of intangible assets	(9,011,798)	-	(9,011,798)	-
Proceeds from sale of property, plant and equipment	16,441,839	28,117,518	16,441,839	28,117,518
<b>Net cash used in investing activities</b>	<b>(276,777,344)</b>	<b>(135,023,762)</b>	<b>(287,142,615)</b>	<b>(130,023,762)</b>
<b>Cash flow from financing activities</b>				
Proceeds from rights issue	213,472,000	-	213,472,000	-
Loans obtained	1,860,000,000	2,163,194,436	1,860,000,000	2,163,194,436
Repayment of loans	(2,520,253,483)	(1,760,619,302)	(2,520,253,483)	(1,760,619,302)
Debentures issued	2,502,288,689	657,620,843	2,502,288,689	657,620,843
Redemption of debenture	(805,000,000)	(230,000,000)	(805,000,000)	(230,000,000)
Dividends paid	(126,906,855)	(90,412,452)	(126,906,855)	(90,412,452)
<b>Net cash used in financing activities</b>	<b>1,123,600,351</b>	<b>739,783,524</b>	<b>1,123,600,351</b>	<b>739,783,524</b>

**Statement of Cash Flow (contd.)**

<i>For the nine month period ended 31st December</i>	<b>Company</b>		<b>Group</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>
Net Increase/ (Decrease) in cash and cash equivalents	188,207,811	(82,993,882)	196,829,524	(74,437,522)
Cash and cash equivalents at the beginning of the period	234,456,396	203,190,593	241,659,562	203,190,593
Cash and cash equivalents at the end of the period	<b>422,664,207</b>	<b>120,196,711</b>	<b>438,489,086</b>	<b>128,753,071</b>
<b>Reconciliation of cash and cash equivalents</b>				
Cash and short term funds	483,253,696	160,662,630	503,140,940	169,218,990
Bank overdraft	(60,589,489)	(40,465,919)	(64,651,854)	(40,465,919)
	<b>422,664,207</b>	<b>120,196,711</b>	<b>438,489,086</b>	<b>128,753,071</b>
<b>(Note A)</b>				
<b>Reconciliation of operating profit</b>				
Profit before income tax	404,968,075	482,843,525	432,790,487	481,559,884
Depreciation	109,538,434	89,306,945	110,317,891	89,306,945
Dividend receipts on investments	(9,703,940)	(1,583,486)	(703,940)	(1,583,486)
Profit on disposal of motor vehicles	(7,787,731)	(16,335,870)	(7,787,731)	(16,335,870)
Provision for defined benefit plan	9,289,725	7,149,576	9,289,725	7,149,576
Impairment of financial assets	130,774,254	50,856,822	130,774,254	50,856,822
Impairment of investment of associate company	(13,957,555)	-	(13,957,555)	-
Loans written off	5,755,611	-	5,755,611	-
Gain/(loss) on mark to market valuation of shares	(5,028,796)	(6,000,971)	(5,028,796)	(6,000,971)
Capital gain/(loss) on sale of shares	(958,719)	552,549	(958,719)	552,549
Gains form sale of group investments	(5,542,180)	-	(5,542,180)	-
Accrued interest on borrowings	21,118,377	17,965,715	21,118,377	17,965,715
Amortization of structural fees	35,153,304	7,401,588	35,153,304	7,401,588
<b>Cash flows from operating activities before changes in operating assets</b>	<b>673,618,859</b>	<b>632,156,393</b>	<b>711,220,728</b>	<b>630,872,752</b>

*Figures in brackets indicate deductions.*

*The above figures are provisional and subject to audit*

**Segment Information**

For the nine month period ended 31st December

	Leases		Hire Purchases		Pawning advances		Other Advances		Investments / Property		Insurance		Unallocated		Total	
	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
<b>Revenue</b>																
Interest	1,042,209,751	829,294,372	1,098,832,672	885,084,875	13,774,561	3,311,971	59,393,735	47,834,774	112,405,265	96,777,950	-	-	-	-	2,326,615,984	1,862,303,942
Trading	-	-	-	-	-	-	-	-	5,987,515	5,448,422	-	-	77,574	-	6,065,089	5,448,422
Commissions	-	-	-	-	-	-	-	-	-	-	38,753,980	44,431,814	-	-	38,753,980	44,431,814
Rent	-	-	-	-	-	-	-	-	1,415,000	1,440,000	-	-	-	-	1,415,000	1,440,000
Dividends	-	-	-	-	-	-	-	-	703,940	1,583,486	-	-	-	-	703,940	1,583,486
Other income	-	-	-	-	-	-	-	-	13,329,911	16,335,870	-	-	366,948,148	272,914,238	380,278,059	289,250,108
Total revenue	<u>1,042,209,751</u>	<u>829,294,372</u>	<u>1,098,832,672</u>	<u>885,084,875</u>	<u>13,774,561</u>	<u>3,311,971</u>	<u>59,393,735</u>	<u>47,834,774</u>	<u>133,841,631</u>	<u>121,585,728</u>	<u>38,753,980</u>	<u>44,431,814</u>	<u>367,025,722</u>	<u>272,914,238</u>	<u>2,753,832,052</u>	<u>2,204,457,772</u>
Profit before tax															432,790,487	481,559,884
Taxation															(76,404,325)	(80,534,775)
Profit after tax															<u>356,386,162</u>	<u>401,025,109</u>
Segment Assets	<u>5,998,244,318</u>	<u>5,707,068,372</u>	<u>6,088,959,878</u>	<u>5,446,674,892</u>	<u>118,472,257</u>	<u>69,635,416</u>	<u>372,267,268</u>	<u>336,557,304</u>	<u>3,690,099,443</u>	<u>2,226,267,301</u>	<u>24,838,014</u>	<u>11,450,839</u>	<u>671,552,444</u>	<u>454,378,831</u>	<u>16,964,433,622</u>	<u>14,252,032,955</u>
Segment Liabilities	<u>5,731,016,329</u>	<u>4,866,867,654</u>	<u>6,042,380,605</u>	<u>5,194,284,558</u>	<u>75,745,054</u>	<u>19,436,915</u>	<u>326,600,730</u>	<u>280,727,233</u>	<u>735,982,917</u>	<u>713,548,367</u>	<u>17,875,836</u>	<u>704,232</u>	<u>2,018,240,958</u>	<u>1,601,647,765</u>	<u>14,947,842,429</u>	<u>12,677,216,725</u>
<b>Information on Cash flows</b>																
Operating activities	491,409,970	(371,518,750)	537,442,441	(256,434,781)	(56,303)	(12,544,513)	(7,720,022)	(48,119,262)	(1,571,157,479)	103,106,348	42,306,105	64,698,256	(131,852,926)	(163,384,582)	(639,628,212)	(684,197,284)
Investing activities	-	-	-	-	-	-	-	-	9,714,562	(275,930)	-	-	16,441,839	28,117,518	26,156,401	27,841,588
Capital expenditure	(110,454,515)	(63,215,427)	(112,124,994)	(60,331,129)	(2,181,604)	(771,330)	(6,855,106)	(3,727,941)	(67,951,241)	(24,659,673)	(1,365,270)	(126,837)	(12,366,285)	(5,033,013)	(313,299,016)	(157,865,350)
Financing activities	-	-	-	-	-	-	-	-	-	-	-	-	1,123,600,351	739,783,524	1,123,600,351	739,783,524
Net cash flow	<u>380,955,455</u>	<u>(434,734,177)</u>	<u>425,317,447</u>	<u>(316,765,910)</u>	<u>(2,237,907)</u>	<u>(13,315,843)</u>	<u>(14,575,128)</u>	<u>(51,847,203)</u>	<u>(1,629,394,158)</u>	<u>78,170,746</u>	<u>40,940,835</u>	<u>64,571,418</u>	<u>995,822,980</u>	<u>599,483,447</u>	<u>196,829,524</u>	<u>(74,437,522)</u>
Depreciation and amortisation	(49,486,789)	(42,238,590)	(50,235,211)	(40,311,391)	(977,421)	(515,379)	(3,071,284)	(2,490,895)	(227,279)	(303,038)	(779,457)	(84,749)	(5,540,450)	(3,362,904)	(110,317,891)	(89,306,945)

## *Performance indicators*

<i>As at 31st December</i>	<b>2013</b>	<b>2012</b>	<b>MINIMUM STATUTORY REQUIREMENT</b>
<b>Capital Adequacy</b>			
Core capital (Tier 1) Rs. mn.	1,632.76	1,029.64	
Total capital base (Tier 2) Rs. mn.	2,449.14	1,029.64	
Core capital ratio	11.7%	11.5%	5%
Total capital ratio	17.6%	11.5%	10%
Capital funds to Total deposits ratio	53.3%	31.5%	10%
<b>Asset Quality (As per Central Bank of Sri Lanka regulations)</b>			
Total advances Rs. mn.	13,053.41	11,512.51	
Gross non-performing advances Rs. Mn.	366.24	102.68	
Net non-performing advances Rs. Mn.	315.84	81.32	
Gross non-performing advances ratio	2.81%	0.89%	
Net non-performing advances ratio	2.42%	0.71%	
<b>Profitability</b>			
Net interest margin	11.0%	11.8%	
Return on average assets	3.5%	5.4%	
Return on equity	30.2%	50.2%	
<b>Liquidity</b>			
Total liquid assets Rs. Mn.	3,264.26	692.87	
Liquid assets ratio	73.91%	21.90%	10%
Government securities Rs. Mn.	428.29	379.93	
Government securities to average deposits ratio	14.18%	15.88%	7.5%
<b>Debt</b>			
Debt-to-Equity ratio	4.93 : 1	5.17 : 1	
Interest cover	1.29	1.45	
Interest rate of comparable government securities			
6 month treasury bill	7.85%	-	
3 year treasury bond	8.95%	-	
4 year treasury bond	9.05%	-	
5 year treasury bond	9.60%	-	

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

## Notes to the Financial Statements

### 1 General

The interim financial statements of the Company have been prepared on the basis of the accounting policies and methods of computation applied in the year ended March 31, 2013 and are in accordance with Sri Lanka Accounting Standards (LKAS/SLFRS). The interim financial statements are prepared in compliance with Sri Lanka Accounting Standard (LKAS) 34 - Interim Financial Reporting.

- 2 There were no material changes in the composition of assets, liabilities, contingent liabilities and the use of funds raised through debentures during the quarter.
- 3 All known expenses have been provided for in these financial statements.
- 4 The board of directors has declared with the approved of the Central Bank of Sri Lanka a final dividend of Rs. 1.20 per share for the year ended March 31, 2013 . The total dividend payment amounted to Rs.64,041,600/- on 8th August 2013. Further the board has declared an interim dividend of Rs. 0.40 per share for the three month period ended June 30, 2013. The total dividend payment amounted to Rs. 21,347,200/- paid on October 15, 2013. The board has declared a second interim dividend approved by the Central Bank of Sri Lanka of Rs. 0.59 per share. The total amounting to Rs. 34,635,832/- and is payable on 31.01.2013.

### 5 Debenture Information

5.1 During the nine month period ended details of debenture movements are as follows,

Type of Debenture	New Issues Rs.	Reinvested Rs.	Redemptions Rs.
Unlisted privately placed 5 year Unsecured Redeemable Debentures	160 million	160 million	460 million
Unlisted privately placed 2 year Secured Redeemable Debentures	-	-	245 million
Listed Debentures	2250 million	-	-
Rated debentures	-	-	100 million

5.2 Information on listed debenture

Type of Debenture	Last traded Rs.	Annual effective %	Current yeild %	Yeild to maturity %
3 year - 17.00% payable quarterly	100.00	18.11%	18.11%	18.11%
4 year - 17.25% payable quarterly	100.00	18.40%	18.40%	18.40%
4 year - 6 months gross T-bill rate +2.50% payable semi-annually	Not traded	13.96%	Not traded	Not traded
5 year - 15.00% payable quarterly	Not traded	15.00%	Not traded	Not traded

### 6 Share information

6.1 Directors' shareholdings

The number of shares held by the board of directors is as follows

	As at 31.12.2013
1. Dr. A. Balasuriya	3,372,415
2. Dr. M. Balasuriya	3,372,415
3. Mrs. L. Fernando	2,827,002
4. Mr. L. Balasuriya & Ms. A. S. Balasuriya	1,686,207
5. Mr. L. Balasuriya & Mr. S. K. Balasuriya	1,686,207
6. Mr. L. Balasuriya - The Trustee of the Capitalisation Issue	4
7. Mr. W. A. T. Fernando	Nil
8. Dr. P. Ramanujam	Nil
9. Mr. S. S. Kulatunga	Nil
10. Mr. S. D. Bandaranayake	Nil

6.2 Stated Capital

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

As at	31.12.2013	31.03.2013	31.12.2012
Ordinary shares	58,704,800	53,368,000	53,368,000

**Notes to the Financial Statements (contd.)**

6.3 The 20 largest shareholders of the company as at 31st December 2013 were:

Shareholder	Number of Shares	%
1. E. W. Balasuriya & Co. (Pvt) Limited	33,017,714	56.25
2. Hallsville Trading Group Inc.	4,648,000	7.93
3. Dr. (Mrs.) G. Madan Mohan	3,372,415	5.74
4. Dr. A. Balasuriya	3,372,415	5.74
5. Mr. R. Balasuriya	3,372,415	5.74
6. Dr. M. Balasuriya	3,372,415	5.74
7. Mrs. L. Fernando	2,827,002	4.82
8. Mr. L. Balasuriya & Ms. A. S. Balasuriya	1,686,207	2.87
9. Mr. L. Balasuriya & Mr. S. K. Balasuriya	1,686,207	2.87
10. Mr. D. K. C. R. Fernando	545,413	0.93
11. Mrs. S. Thaha	389,000	0.66
12. Mrs. C. Fernando	155,600	0.27
13. Estate of the late Mr. D. G. K. Hewamallika	155,600	0.27
14. Mr. E. W. Balasuriya (Deceased )	41,660	0.07
15. Mr. M. M. Ariyaratne	25,640	0.04
16. Mr. P. P. K. Ikiriwatte	13,752	0.02
17. Mr. J. K. Jayatileke	13,741	0.02
18. Mr. C. Y. Ching	4,800	0.01
19. Ms. S. I. A. Ching	4,800	0.01
20. Mr. L. Balasuriya - The Trustee of the Capitalisation Issue	4	0.00
	<b>58,704,800</b>	<b>100</b>

6.4 The percentage of shares held by the public on 31st December 2013 was 21.71% (2012 - 21.75%)

6.5 Information on Ratios, Market Prices and Credit Rating.

	31-Dec-2013	31-Dec-2012
Dividend per share (Rs.)	2.00	1.25
Net Assets per share (Rs.)	34.35	26.93
Market Prices		
- Highest price	50.00	50.00
- Lowest price	50.00	50.00
- Last traded price	50.00	50.00

6.6 The Company made a rights issue of one (01) share for every ten (10) ordinary shares, at a price of Rs. 40.00 per share with the approval of Central Bank of Sri Lanka during the month of December 2013.

The company has been affirmed a long - term rating of BBB+ (lka) with a stable outlook by Fitch Ratings Lanka Limited.

7 There have been no other events subsequent to the Balance Sheet date, which require disclosure in the Interim Financial Statement.