



# Senkadagala Finance PLC

**Interim Financial Statement for the period ended  
31<sup>st</sup> December 2014**



**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>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>
Interest income	896,351,012	905,595,131	896,503,125	905,873,822
Interest expense	(439,907,396)	(491,831,838)	(438,866,006)	(490,819,241)
<b>Net interest income</b>	<b>456,443,616</b>	<b>413,763,293</b>	<b>457,637,119</b>	<b>415,054,581</b>
Fee and commission income	11,123,635	7,532,897	30,784,862	23,129,545
Fee and commission expense	(6,216,477)	(1,040,516)	(6,216,477)	(8,505,110)
<b>Net fee and commission income</b>	<b>4,907,159</b>	<b>6,492,381</b>	<b>24,568,385</b>	<b>14,624,435</b>
Net gain/(loss) from trading	1,916,674	1,176	1,916,674	1,176
Net gain/(loss) from financial instruments designated at fair value through profit or loss	2,201,881	2,910,013	2,201,881	2,910,013
Other operating income	7,320,958	6,726,803	7,245,958	6,651,803
<b>Total operating income</b>	<b>472,790,287</b>	<b>429,893,666</b>	<b>493,570,017</b>	<b>439,242,007</b>
Impairment (charge)/reversal on individual impairment	-	-	-	-
Impairment (charge)/reversal on collective impairment	(8,063,412)	(42,359,689)	(8,063,413)	(42,359,689)
Other loan losses	(24,510,330)	(16,074,210)	(24,510,330)	(16,074,210)
<b>Net operating income</b>	<b>440,216,545</b>	<b>371,459,767</b>	<b>460,996,274</b>	<b>380,808,108</b>
Personnel expenses	(95,076,162)	(77,800,782)	(95,671,072)	(78,377,949)
Depreciation of property plant and equipment	(49,186,631)	(36,977,018)	(49,456,452)	(34,902,172)
Amortisation of intangible assets	(3,641,110)	(2,516,081)	(3,641,110)	(4,860,177)
Other operating expenses	(143,554,362)	(124,702,793)	(145,025,105)	(117,656,712)
<b>Operating profit before VAT on Financial Services and Income tax</b>	<b>148,758,280</b>	<b>129,463,093</b>	<b>167,202,536</b>	<b>145,011,097</b>
Value Added Tax on Financial Services	(11,174,857)	(2,873,440)	(11,174,857)	(2,873,440)
<b>Profit before Income tax</b>	<b>137,583,423</b>	<b>126,589,653</b>	<b>156,027,679</b>	<b>142,137,657</b>
Income tax expense	(28,889,436)	(21,866,114)	(34,116,256)	(26,235,476)
<b>Profit for the period</b>	<b>108,693,987</b>	<b>104,723,539</b>	<b>121,911,423</b>	<b>115,902,181</b>
Earnings per share	1.78	1.72	2.00	1.90

*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>	Company		Group	
	2014 Rs	2013 Rs	2014 Rs	2013 Rs
Profit for the period	108,693,987	104,723,539	121,911,423	115,902,181
<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>108,693,987</b>	<b>104,723,539</b>	<b>121,911,423</b>	<b>115,902,181</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	
	2014 Rs	2013 Rs	2014 Rs	2013 Rs
Interest income	2,721,040,993	2,624,734,925	2,721,574,403	2,625,528,297
Interest expense	(1,345,493,412)	(1,412,306,840)	(1,342,224,346)	(1,410,114,710)
<b>Net interest income</b>	<b>1,375,547,581</b>	<b>1,212,428,085</b>	<b>1,379,350,057</b>	<b>1,215,413,587</b>
Fee and commission income	27,949,650	22,087,230	79,604,120	60,225,218
Fee and commission expense	(19,360,548)	(16,597,016)	(19,360,548)	(24,061,610)
<b>Net fee and commission income</b>	<b>8,589,102</b>	<b>5,490,214</b>	<b>60,243,572</b>	<b>36,163,608</b>
Net gain/(loss) from trading	3,569,358	1,036,293	3,569,358	1,036,293
Net gain/(loss) from financial instruments designated at fair value through profit or loss	19,275,195	5,028,796	19,275,195	5,028,796
Other operating income	16,260,209	31,494,579	16,035,208	22,269,579
<b>Total operating income</b>	<b>1,423,241,443</b>	<b>1,255,477,967</b>	<b>1,478,473,389</b>	<b>1,279,911,863</b>
Impairment (charge)/reversal on individual impairment	(1,266,715)	(616,576)	(1,266,715)	(616,576)
Impairment (charge)/reversal on collective impairment	(109,427,870)	(130,157,678)	(109,427,871)	(130,157,678)
Other loan losses	(64,722,743)	(7,704,213)	(64,722,743)	(7,704,213)
<b>Net operating income</b>	<b>1,247,824,116</b>	<b>1,116,999,500</b>	<b>1,303,056,061</b>	<b>1,141,433,395</b>
Personnel expenses	(260,460,816)	(225,940,478)	(262,370,071)	(227,516,229)
Depreciation of property plant and equipment	(136,792,190)	(102,335,977)	(137,601,270)	(103,115,434)
Amortisation of intangible assets	(8,957,104)	(7,202,457)	(8,957,104)	(7,202,457)
Other operating expenses	(409,901,543)	(348,141,124)	(412,325,208)	(342,397,399)
<b>Operating profit before VAT on Financial Services and Income tax</b>	<b>431,712,462</b>	<b>433,379,464</b>	<b>481,802,408</b>	<b>461,201,876</b>
Value Added Tax on Financial Services	(36,571,499)	(28,411,389)	(36,571,499)	(28,411,389)
<b>Profit before Income tax</b>	<b>395,140,963</b>	<b>404,968,075</b>	<b>445,230,909</b>	<b>432,790,487</b>
Income tax expense	(86,668,307)	(65,924,614)	(100,880,780)	(76,404,325)
<b>Profit for the period</b>	<b>308,472,656</b>	<b>339,043,461</b>	<b>344,350,129</b>	<b>356,386,162</b>
Earnings per share	5.06	6.23	5.65	6.52
Dividend per share	1.60	2.00		

*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>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>
Profit for the period	308,472,656	339,043,461	344,350,129	356,386,162
<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>308,472,656</b>	<b>339,043,461</b>	<b>344,350,129</b>	<b>356,386,162</b>

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

*Statement of Financial Position*

<i>As at</i>	<b>Company</b>			<b>Group</b>		
	<b>31.12.2014</b>	<b>31.03.2014</b>	<b>31.12.2013</b>	<b>31.12.2014</b>	<b>31.03.2014</b>	<b>31.12.2013</b>
	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>
<b>Assets</b>						
Cash and cash equivalents	334,029,335	404,047,840	483,253,696	342,093,056	420,155,384	503,140,940
Deposit with licensed commercial banks	832,649,332	-	1,406,012,328	832,649,332	-	1,406,012,328
Repurchase agreements	1,394,495,795	1,114,280,206	946,713,592	1,394,495,795	1,114,280,206	946,713,592
Financial assets held at fair value through profit and loss	94,069,588	74,912,286	73,524,715	94,069,588	74,912,286	73,524,715
Finance leases	6,896,056,072	6,001,775,609	5,998,244,318	6,896,056,070	6,001,775,609	5,998,244,318
Hire purchases	5,891,253,589	6,167,957,766	6,088,959,878	5,891,253,590	6,167,957,766	6,088,959,878
Other loans and receivables	512,830,518	505,808,366	490,739,525	512,830,517	505,808,366	490,739,525
Financial assets available for sale	312,171,887	11,999,283	11,999,283	312,171,887	11,999,283	11,999,283
Financial assets held to maturity	775,579,176	554,773,253	428,285,339	775,579,176	554,773,253	428,285,339
Investments in subsidiaries	20,000,000	20,000,000	20,000,000	-	-	-
Investments in associate	-	-	-	-	-	-
Investment property	79,403,730	79,631,009	79,706,768	79,403,730	79,631,009	79,706,768
Property plant and equipments	864,700,307	738,368,098	701,533,568	868,478,262	742,932,333	706,367,053
Intangible assets	85,674,666	39,732,996	42,323,850	85,674,666	39,732,996	42,323,850
Other assets	222,699,775	156,389,777	188,298,748	222,841,061	156,524,777	188,416,034
<b>Total assets</b>	<b>18,315,613,771</b>	<b>15,869,676,489</b>	<b>16,959,595,608</b>	<b>18,307,596,731</b>	<b>15,870,483,269</b>	<b>16,964,433,623</b>
<b>Liabilities</b>						
Due to banks	2,598,642,151	1,330,546,001	3,066,897,249	2,598,642,151	1,330,546,001	3,066,897,249
Deposits from customers	6,875,612,340	5,624,399,485	4,595,558,129	6,813,733,327	5,587,138,393	4,564,408,077
Other borrowings	2,121,806,763	2,092,465,288	2,465,273,213	2,121,806,763	2,092,465,288	2,465,273,213
Debt securities issued	2,387,100,140	2,897,074,338	3,055,485,081	2,387,100,140	2,897,074,338	3,055,485,081
Current tax liabilities	155,731,632	155,731,632	3,966,756	155,789,031	155,767,756	15,888,526
Deferred tax liability	40,355,159	39,915,676	199,092,927	48,615,166	59,561,835	199,122,358
Other liabilities	434,858,622	315,373,479	271,865,916	439,325,431	328,616,905	277,790,551
Employee benefits	59,241,674	52,115,958	42,892,372	59,299,798	52,115,958	42,892,372
Subordinated liabilities	1,284,192,168	1,260,272,122	1,260,085,002	1,284,192,168	1,260,272,122	1,260,085,002
<b>Total liabilities</b>	<b>15,957,540,650</b>	<b>13,767,893,980</b>	<b>14,961,116,645</b>	<b>15,908,503,974</b>	<b>13,763,558,597</b>	<b>14,947,842,431</b>
<b>Equity</b>						
Stated capital	1,008,062,200	747,152,000	747,152,000	1,008,062,200	747,152,000	747,152,000
Statutory reserve fund	195,036,033	195,036,033	165,036,033	195,036,033	195,036,033	165,036,033
Investment fund reserve account	-	170,628,603	170,628,603	-	170,628,603	170,628,603
Retained earnings	1,154,974,888	988,965,873	915,662,327	1,195,994,524	994,108,036	933,774,556
<b>Total equity</b>	<b>2,358,073,121</b>	<b>2,101,782,509</b>	<b>1,998,478,963</b>	<b>2,399,092,757</b>	<b>2,106,924,672</b>	<b>2,016,591,192</b>
<b>Total liabilities and equity</b>	<b>18,315,613,771</b>	<b>15,869,676,489</b>	<b>16,959,595,608</b>	<b>18,307,596,731</b>	<b>15,870,483,269</b>	<b>16,964,433,623</b>
Net assets per share	36.15	35.80	30.64	36.78	35.89	30.92

*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.*  
W. M. R. S. Dias  
*Chairman*

*Sgd.*  
Dr. M. Balasuriya  
*Director*

*Colombo, Sri Lanka  
9th February 2015*

## Statement of Changes in Equity

For the nine month period ended 31st December

	Stated capital	Statutory reserve fund	Investment fund reserve account	Retained profit	Total
	Rs	Rs	Rs	Rs	Rs
<b>Company</b>					
Balance as at 1st April 2013 (Restated)	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>
Balance as at 1st April 2014	747,152,000	195,036,033	170,628,603	988,965,873	2,101,782,509
Total comprehensive income	-	-	-	308,472,656	308,472,656
Bonus issue of shares	260,910,200	-	-	(260,910,200)	-
Transfers to reserves	-	-	(170,628,603)	170,628,603	-
Dividends paid	-	-	-	(52,182,044)	(52,182,044)
Balance as at 31st December 2014	<u>1,008,062,200</u>	<u>195,036,033</u>	<u>-</u>	<u>1,154,974,888</u>	<u>2,358,073,121</u>
<b>Group</b>					
Balance as at 1st April 2013 (Restated)	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>
Balance as at 1st April 2014	747,152,000	195,036,033	170,628,603	994,108,036	2,106,924,672
Total comprehensive income	-	-	-	344,350,129	344,350,129
Bonus issue of shares	260,910,200	-	-	(260,910,200)	-
Transfers to reserves	-	-	(170,628,603)	170,628,603	-
Dividends paid	-	-	-	(52,182,044)	(52,182,044)
Balance as at 31st December 2014	<u>1,008,062,200</u>	<u>195,036,033</u>	<u>-</u>	<u>1,195,994,524</u>	<u>2,399,092,757</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>	Company		Group	
	2014 Rs	2013 Rs	2014 Rs	2013 Rs
<b>Cash flow from operating activities</b>				
Interest and commission receipts	2,686,724,961	2,488,913,881	2,738,912,841	2,527,845,241
Interest payments	(1,380,243,677)	(1,356,035,159)	(1,376,974,611)	(1,353,843,029)
Recoveries of bad debts	28,936,985	26,929,461	28,936,985	26,929,461
Other operating income	8,895,437	8,538,302	8,670,437	8,313,302
Operating expenditure	(554,905,608)	(435,985,147)	(557,329,273)	(437,706,016)
Cash payments to employees	(251,171,090)	(216,650,753)	(253,022,222)	(218,226,503)
<b>Operating profit before changes in operating assets and liabilities (Note A)</b>	<b>538,237,007</b>	<b>515,710,585</b>	<b>589,194,156</b>	<b>553,312,454</b>
<b>(Increase) / decrease in operating assets and liabilities</b>				
Net funds advanced to customers	(677,615,052)	(996,629,330)	(677,615,046)	(996,629,330)
Deposits from customers	1,251,212,855	1,183,094,039	1,226,594,934	1,161,966,909
Deposits with Licensed Commercial Banks	(832,649,332)	(344,233,312)	(832,649,332)	(344,233,312)
Investments in government and other securities	(501,021,513)	(909,380,996)	(501,021,513)	(909,380,996)
Gratuity Paid	(2,164,008)	(619,992)	(2,164,008)	(619,992)
Trade and other receivables	(66,309,998)	(67,360,082)	(66,316,284)	(67,477,368)
Other liabilities	136,981,884	33,266,549	134,245,336	36,879,354
	(691,565,163)	(1,101,863,125)	(718,925,913)	(1,119,494,736)
<b>Net cash inflow/(outflow) from operating activities before taxation</b>	<b>(153,328,156)</b>	<b>(586,152,540)</b>	<b>(129,731,757)</b>	<b>(566,182,282)</b>
Taxes paid	(85,350,436)	(72,462,656)	(108,209,500)	(73,445,930)
<b>Net cash generated from operating activities</b>	<b>(238,678,592)</b>	<b>(658,615,196)</b>	<b>(237,941,256)</b>	<b>(639,628,212)</b>
<b>Cash flow from investing activities</b>				
Net investment in trading securities	3,618,561	90,457	3,618,561	90,457
Net investment in investment securities	-	9,086,315	-	9,086,315
Purchase of financial assets available for sale	(300,172,604)	(166,150)	(300,172,604)	(166,150)
Dividend receipts on investments	2,217,634	9,703,940	2,217,634	703,940
Purchase of property, plant and equipment	(275,263,402)	(302,921,948)	(275,286,202)	(304,287,219)
Purchase of intangible assets	(54,898,774)	(9,011,798)	(54,898,774)	(9,011,798)
Proceeds from sale of property, plant and equipment	17,582,107	16,441,839	17,582,107	16,441,839
<b>Net cash used in investing activities</b>	<b>(606,916,479)</b>	<b>(276,777,345)</b>	<b>(606,939,278)</b>	<b>(287,142,615)</b>
<b>Cash flow from financing activities</b>				
Proceeds from rights issue	-	213,472,000	-	213,472,000
Subordinated liabilities	-	1,250,000,000	-	1,250,000,000
Loans obtained	3,382,550,000	1,860,000,000	3,382,550,000	1,860,000,000
Repayment of loans	(2,050,362,109)	(2,520,253,483)	(2,050,362,109)	(2,520,253,483)
Debentures issued	17,945,847	1,252,288,689	17,945,847	1,252,288,689
Redemption of debenture	(504,000,000)	(805,000,000)	(504,000,000)	(805,000,000)
Dividends paid	(103,461,540)	(126,906,855)	(103,461,540)	(126,906,855)
<b>Net cash used in financing activities</b>	<b>742,672,197</b>	<b>1,123,600,351</b>	<b>742,672,197</b>	<b>1,123,600,351</b>

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

<i>For the nine month period ended 31st December</i>	Company		Group	
	2014 Rs	2013 Rs	2014 Rs	2013 Rs
Net Increase/ (Decrease) in cash and cash equivalents	(102,922,873)	188,207,811	(102,208,337)	196,829,524
Cash and cash equivalents at the beginning of the year	328,341,651	234,456,396	331,557,122	241,659,562
Cash and cash equivalents at the end of the period	<b>225,418,778</b>	<b>422,664,207</b>	<b>229,348,785</b>	<b>438,489,086</b>
<b>Reconciliation of cash and cash equivalents</b>				
Cash and short term funds	334,029,335	483,253,696	342,093,056	503,140,940
Bank overdraft	(108,610,557)	(60,589,489)	(112,744,270)	(64,651,854)
	<b>225,418,778</b>	<b>422,664,207</b>	<b>229,348,785</b>	<b>438,489,086</b>
<b>(Note A)</b>				
<b>Reconciliation of operating profit</b>				
Profit before income tax	395,140,963	404,968,075	445,230,909	432,790,487
Depreciation	145,749,294	109,538,434	146,558,374	110,317,891
Dividend receipts on investments	(2,217,634)	(9,703,940)	(2,217,634)	(703,940)
Profit on disposal of motor vehicles	(5,215,826)	(7,787,731)	(5,215,826)	(7,787,731)
Provision for defined benefit plan	9,289,724	9,289,725	9,347,848	9,289,725
Impairment of financial assets	110,694,586	130,774,254	110,694,586	130,774,254
Impairment of investment of associate company	-	(13,957,555)	-	(13,957,555)
Loans written off	4,587,710	5,755,611	4,587,710	5,755,611
Gain/(loss) on mark to market valuation of shares	(19,275,195)	(5,028,796)	(19,275,195)	(5,028,796)
Capital gain/(loss) on sale of shares	(3,500,669)	(958,719)	(3,500,669)	(958,719)
Gains form sale of group investments	-	(5,542,180)	-	(5,542,180)
Interest accrued on loans and advances	(62,265,682)	(157,908,274)	(62,265,682)	(157,908,274)
Accrued interest on borrowings	(62,486,363)	21,118,377	(62,486,363)	21,118,377
Amortization of structural fees	27,736,097	35,153,304	27,736,097	35,153,304
<b>Cash flows from operating activities before changes in operating assets</b>	<b>538,237,007</b>	<b>515,710,585</b>	<b>589,194,156</b>	<b>553,312,454</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	
	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
<b>Revenue</b>																
Interest	1,041,266,448	1,042,209,751	1,146,213,993	1,098,832,672	14,075,669	13,774,561	67,178,731	59,393,735	144,824,034	112,405,265	-	-	-	-	2,413,558,874	2,326,615,984
Trading	-	-	-	-	-	-	-	-	22,775,864	5,987,515	-	-	68,688	77,574	22,844,552	6,065,089
Commissions	-	-	-	-	-	-	-	-	-	-	52,124,346	38,753,980	-	-	52,124,346	38,753,980
Rent	-	-	-	-	-	-	-	-	1,440,000	1,415,000	-	-	-	-	1,440,000	1,415,000
Dividends	-	-	-	-	-	-	-	-	2,217,634	703,940	-	-	-	-	2,217,634	703,940
Other income	-	-	-	-	-	-	-	-	5,215,826	13,329,911	-	-	342,657,051	327,204,279	347,872,877	340,534,190
Total revenue	<u>1,041,266,448</u>	<u>1,042,209,751</u>	<u>1,146,213,993</u>	<u>1,098,832,672</u>	<u>14,075,669</u>	<u>13,774,561</u>	<u>67,178,731</u>	<u>59,393,735</u>	<u>176,473,358</u>	<u>133,841,631</u>	<u>52,124,346</u>	<u>38,753,980</u>	<u>342,725,739</u>	<u>327,281,853</u>	<u>2,840,058,283</u>	<u>2,714,088,183</u>
Profit before tax															445,230,909	432,790,487
Taxation															(100,880,780)	(76,404,325)
Profit after tax															<u>344,350,129</u>	<u>356,386,162</u>
Segment Assets	<u>6,896,056,072</u>	<u>6,001,775,609</u>	<u>5,891,253,589</u>	<u>6,167,957,766</u>	<u>88,517,469</u>	<u>102,884,961</u>	<u>424,313,048</u>	<u>402,923,405</u>	<u>4,438,744,482</u>	<u>2,613,697,131</u>	<u>11,982,961</u>	<u>20,806,779</u>	<u>556,729,109</u>	<u>560,437,617</u>	<u>18,307,596,731</u>	<u>15,870,483,268</u>
Segment Liabilities	<u>5,936,876,375</u>	<u>5,348,939,010</u>	<u>6,535,244,454</u>	<u>5,639,545,149</u>	<u>80,253,719</u>	<u>70,695,257</u>	<u>383,025,709</u>	<u>304,826,803</u>	<u>1,006,179,071</u>	<u>686,916,161</u>	<u>12,842,338</u>	<u>32,925,709</u>	<u>1,954,082,308</u>	<u>1,679,710,509</u>	<u>15,908,503,974</u>	<u>13,763,558,597</u>
<b>Information on Cash flows</b>																
Operating activities	590,155,811	460,058,929	785,881,418	458,040,513	6,760,299	(37,567,289)	32,520,596	12,928,262	(1,554,772,408)	(1,441,776,209)	(2,306,731)	17,019,854	(96,180,242)	(108,332,271)	(237,941,257)	(639,628,212)
Investing activities	-	-	-	-	-	-	-	-	(294,336,409)	9,714,562	-	-	17,582,107	16,441,839	(276,754,302)	26,156,401
Capital expenditure	(124,446,051)	(118,119,531)	(106,313,411)	(121,390,122)	(1,597,384)	(2,024,855)	(7,657,142)	(7,929,841)	(80,101,469)	(51,439,557)	(22,800)	(1,365,270)	(10,046,718)	(11,029,841)	(330,184,976)	(313,299,016)
Financing activities	-	-	-	-	-	-	-	-	-	-	-	-	742,672,197	1,123,600,351	742,672,197	1,123,600,351
Net cash flow	<u>465,709,760</u>	<u>341,939,398</u>	<u>679,568,007</u>	<u>336,650,390</u>	<u>5,162,915</u>	<u>(39,592,144)</u>	<u>24,863,453</u>	<u>4,998,422</u>	<u>(1,929,210,286)</u>	<u>(1,483,501,204)</u>	<u>(2,329,532)</u>	<u>15,654,584</u>	<u>654,027,345</u>	<u>1,020,680,079</u>	<u>(102,208,337)</u>	<u>196,829,525</u>
Depreciation and amortisation	(72,420,975)	(49,532,136)	(61,868,744)	(50,903,623)	(929,592)	(849,101)	(4,456,049)	(3,325,292)	(227,279)	(303,038)	(809,080)	(779,457)	(5,846,656)	(4,625,243)	(146,558,374)	(110,317,891)

## *Performance indicators*

<i>As at 31st December</i>	<b>2014</b>	<b>2013</b>	<b>MINIMUM STATUTORY REQUIREMENT</b>
<b>Capital Adequacy</b>			
Core capital (Tier 1) Rs. mn.	2,101.78	1,419.29	
Total capital base (Tier 2) Rs. mn.	3,090.05	2,120.04	
Core capital ratio	13.8%	10.2%	5%
Total capital ratio	20.3%	15.2%	10%
Capital funds to Total deposits ratio	34.3%	39.8%	10%
<b>Asset Quality (As per Central Bank of Sri Lanka regulations)</b>			
Total advances Rs. mn.	13,767.77	13,053.41	
Gross non-performing advances Rs. Mn.	686.40	366.24	
Net non-performing advances Rs. Mn.	532.87	315.84	
Gross non-performing advances ratio	4.99%	2.81%	
Net non-performing advances ratio	3.87%	2.42%	
<b>Profitability</b>			
Net interest margin	11.7%	11.0%	
Return on average assets	3.1%	3.5%	
Return on equity	23.6%	30.2%	
<b>Liquidity</b>			
Total liquid assets Rs. Mn.	3,336.75	3,264.26	
Liquid assets ratio	50.32%	73.91%	10%
Government securities Rs. Mn.	603.34	258.13	
Government securities to average deposits ratio	8.16%	8.55%	7.5%
<b>Debt</b>			
Debt-to-Equity ratio	3.56 : 1	4.93 : 1	
Interest cover	1.29	1.29	
Interest rate of comparable government securities			
6 month treasury bill	5.84%	7.85%	
3 year treasury bond	6.80%	8.95%	
4 year treasury bond	7.10%	9.05%	
5 year treasury bond	7.20%	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, 2014 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 following dividend payments with the approval of the Central Bank of Sri Lanka,

	Dividend per share (Rs.)	Total dividend payment (Rs.)	Payment date
3rd interim dividend 2013/14	0.80	52,182,044	09-06-2014
Final dividend 2013/14	0.80	52,182,044	26-09-2014
Interim dividend 2014/15	0.85	55,443,422	20-02-2015

### 5 Debenture Information

- 5.1 During the 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	-	-	200 million
Unlisted privately placed 3 year Rated Debentures	-	-	34 million
Unlisted privately placed 2 year Secured Redeemable Debentures	-	-	270 million

- 5.2 Information on listed debenture

Type of Debenture	Last traded Rs.	Annual effective %	Current yield %	Yield to maturity %
3 year - 17.00% payable quarterly	Not traded	18.11%	Not traded	Not traded
4 year - 17.25% payable quarterly	Not traded	18.40%	Not traded	Not traded
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	15.87%	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 31.12.2014
1. Dr. A. Balasuriya	3,747,127
2. Dr. A. Balasuriya & Mr. D. Balasuriya	3,858
3. Dr. A. Balasuriya & Mr. S. Balasuriya	3,857
4. Dr. M. Balasuriya	3,754,842
5. Mrs. L. Fernando	3,141,113
6. Mrs. L. Fernando & Ms. S. A. Fernando	2,572
7. Mrs. L. Fernando & Mr. A. R. Fernando	2,571
8. Mrs. L. Fernando & Mr. A. L. Fernando	2,571
9. Mr. L. Balasuriya & Ms. A. S. Balasuriya	1,877,420
10. Mr. L. Balasuriya & Mr. S. K. Balasuriya	1,877,421
11. Mr. L. Balasuriya - The Trustee of the Capitalisation Issue	15
12. Mr. W. A. T. Fernando	Nil
13. Dr. P. Ramanujam	Nil
14. Mr. S. S. Kulatunga	Nil
15. Mr. S. D. Bandaranayake	Nil
16. Mr. D.T.P.Collure	Nil
17. Mr. W.M.R.S. Dias	Nil

- 6.2 Stated Capital

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

As at	31.12.2014	31.03.2014	31.12.2013
Ordinary shares	65,227,555	58,704,800	58,704,800

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

6.3 The 20 largest shareholders of the company as at 31st December 2014 were:

Shareholder	Number of Shares	%
1. E. W. Balasuriya & Co. (Pvt) Limited	36,697,014	56.27
2. Hallsville Trading Group Inc.	5,164,444	7.92
3. Mr. R. Balasuriya	3,754,842	5.76
4. Dr. M. Balasuriya	3,754,842	5.76
5. Dr. (Mrs.) G. Madan Mohan	3,754,841	5.76
6. Dr. A. Balasuriya	3,747,127	5.75
7. Mrs. L. Fernando	3,141,113	4.82
8. Mr. L. Balasuriya & Mr. S. K. Balasuriya	1,877,421	2.88
9. Mr. L. Balasuriya & Ms. A. S. Balasuriya	1,877,420	2.88
10. Mr. D. K. C. R. Fernando	606,014	0.93
11. Mrs. S. Thaha	172,890	0.27
12. Mrs. C. Fernando	172,888	0.27
13. Estate of the late Mr. D. G. K. Hewamallika	172,888	0.27
14. Mrs. S. Sellamuttu	129,666	0.20
15. Mr. I. M. Thaha	129,666	0.20
16. Mr. M. M. Ariyaratne	28,488	0.04
17. Mr. P. P. K. Ikirowatte	15,280	0.02
18. Mr. J. K. Jayatileke	15,267	0.02
19. Dr. A. Balasuriya & Mr. D. Balasuriya	3,858	0.01
20. Dr. A. Balasuriya & Mr. S. Balasuriya	3,857	0.01
	<b>65,219,826</b>	<b>100</b>

6.4 The percentage of shares held by the public on 31st December 2014 was 21.60% (2013 - 21.75%) and is distributed among 11 shareholders.

6.5 Information on Ratios and Share Prices

	31-Dec-2014	31-Dec-2013
Dividend per share (Rs.)	1.60	2.00
Net Assets per share (Rs.)	36.15	36.78
Market Prices (Rs.)		
- Highest price	60.00	Not traded
- Lowest price	60.00	Not traded
- Last traded price	60.00	Not traded

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

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