



Senkadagala Finance PLC

**Interim Financial Statement for the period ended
30th September 2014**



Fitch Ratings Lanka Limited:
BBB+(lka)

Senkadagala Finance PLC

Income Statement

<i>For the three month period ended 30th September</i>	Company		Group	
	2014	2013	2014	2013
	Rs	Rs	Rs	Rs
Interest income	917,806,679	870,629,837	918,007,907	871,144,518
Interest expense	(450,469,536)	(453,965,637)	(449,387,697)	(453,332,747)
Net interest income	467,337,143	416,664,200	468,620,210	417,811,771
Fee and commission income	9,561,043	8,336,939	27,694,743	22,473,082
Fee and commission expense	(5,629,918)	(7,996,535)	(5,629,918)	(7,996,535)
Net fee and commission income	3,931,125	340,404	22,064,825	14,476,547
Net gain/(loss) from trading	1,004,486	35,983	1,004,486	35,983
Net gain/(loss) from financial instruments designated at fair value through profit or loss	12,670,320	(4,729,447)	12,670,320	(4,729,447)
Other operating income	4,401,904	17,689,365	4,326,903	8,614,365
Total operating income	489,344,977	430,000,505	508,686,744	436,209,220
Impairment (charge)/reversal on individual impairment	(1,266,715)	-	(1,266,715)	-
Impairment (charge)/reversal on collective impairment	(34,591,470)	(41,800,180)	(34,591,471)	(41,800,180)
Other loan losses	(18,552,656)	12,029,486	(18,552,656)	12,029,486
Net operating income	434,934,136	400,229,811	454,275,903	406,438,526
Personnel expenses	(85,950,998)	(75,487,155)	(86,533,718)	(75,985,489)
Depreciation of property plant and equipment	(45,112,378)	(33,963,985)	(45,382,197)	(36,577,330)
Amortisation of intangible assets	(2,725,140)	(2,344,095)	(2,725,141)	-
Other operating expenses	(149,760,937)	(112,153,594)	(150,233,947)	(112,803,425)
Operating profit before VAT on Financial Services and Income tax	151,384,683	176,280,982	169,400,900	181,072,282
Value Added Tax on Financial Services	(12,972,280)	(13,208,134)	(12,972,280)	(13,208,134)
Profit before Income tax	138,412,403	163,072,848	156,428,620	167,864,148
Income tax expense	(28,889,436)	(15,260,387)	(33,996,880)	(18,864,328)
Profit for the period	109,522,967	147,812,461	122,431,740	148,999,820
Earnings per share	1.80	2.43	2.01	2.45

*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 30th September</i>	Company		Group	
	2014 Rs	2013 Rs	2014 Rs	2013 Rs
Profit for the period	109,522,967	147,812,461	122,431,740	148,999,820
Other comprehensive income				
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	-	-	-	-
Total other comprehensive income	-	-	-	-
Income tax (charge)/credit related to other comprehensive income	-	-	-	-
Other comprehensive income for the period net of tax	-	-	-	-
Total comprehensive income for the period net of tax	109,522,967	147,812,461	122,431,740	148,999,820

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit.

Income Statement

<i>For the six month period ended 30th September</i>	Company		Group	
	2014 Rs	2013 Rs	2014 Rs	2013 Rs
Interest income	1,824,689,981	1,719,139,794	1,825,071,278	1,719,654,475
Interest expense	(905,586,016)	(920,475,002)	(903,358,340)	(919,295,469)
Net interest income	919,103,965	798,664,792	921,712,938	800,359,006
Fee and commission income	16,826,014	14,554,333	48,819,258	37,095,673
Fee and commission expense	(13,144,072)	(15,556,500)	(13,144,072)	(15,556,500)
Net fee and commission income	3,681,943	(1,002,167)	35,675,186	21,539,173
Net gain/(loss) from trading	1,652,684	1,035,117	1,652,684	1,035,117
Net gain/(loss) from financial instruments designated at fair value through profit or loss	17,073,313	2,118,783	17,073,313	2,118,783
Other operating income	8,939,251	24,767,776	8,789,251	15,617,776
Total operating income	950,451,156	825,584,301	984,903,372	840,669,856
Impairment (charge)/reversal on individual impairment	(1,266,715)	(616,576)	(1,266,715)	(616,576)
Impairment (charge)/reversal on collective impairment	(101,364,457)	(87,797,989)	(101,364,458)	(87,797,989)
Other loan losses	(40,212,413)	8,369,997	(40,212,413)	8,369,997
Net operating income	807,607,570	745,539,733	842,059,786	760,625,288
Personnel expenses	(165,384,654)	(148,139,696)	(166,698,999)	(149,138,280)
Depreciation of property plant and equipment	(87,605,559)	(65,358,959)	(88,144,818)	(68,213,261)
Amortisation of intangible assets	(5,315,994)	(4,686,376)	(5,315,994)	(2,342,281)
Other operating expenses	(266,347,181)	(222,738,331)	(267,300,103)	(223,890,687)
Operating profit before VAT on Financial Services and Income tax	282,954,182	304,616,371	314,599,872	317,040,779
Value Added Tax on Financial Services	(25,396,642)	(25,537,949)	(25,396,642)	(25,537,949)
Profit before Income tax	257,557,540	279,078,422	289,203,230	291,502,830
Income tax expense	(57,778,871)	(60,553,315)	(66,764,524)	(66,371,278)
Profit for the period	199,778,669	218,525,107	222,438,706	225,131,552
Earnings per share	3.28	3.59	3.65	3.70
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 six month period ended 30th September</i>	Company		Group	
	2014	2013	2014	2013
	Rs	Rs	Rs	Rs
Profit for the period	199,778,669	218,525,107	222,438,706	225,131,552
Other comprehensive income				
Gain/(loss) arising during the period from financial assets available for sale	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-
Reclassification adjustment for gain/(loss) included in the income statement	-	-	-	-
Total other comprehensive income	-	-	-	-
Income tax (charge)/credit related to other comprehensive income	-	-	-	-
Other comprehensive income for the period net of tax	-	-	-	-
Total comprehensive income for the period net of tax	199,778,669	218,525,107	222,438,706	225,131,552

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

Statement of Financial Position

<i>As at</i>	Company			Group		
	30.09.2014	31.03.2014	30.09.2013	30.09.2014	31.03.2014	30.09.2013
	Rs	Rs	Rs	Rs	Rs	Rs
Assets						
Cash and cash equivalents	367,828,048	404,047,840	393,361,341	378,831,934	420,155,384	407,810,190
Deposit with licensed commercial banks	823,163,040	-	-	823,163,040	-	-
Repurchase agreements	1,382,303,877	1,114,280,206	385,368,045	1,382,303,877	1,114,280,206	385,368,045
Financial assets held at fair value through profit and loss	93,093,610	74,912,286	70,718,805	93,093,610	74,912,286	70,718,805
Finance leases	5,959,402,204	6,001,775,609	6,019,287,097	5,959,402,204	6,001,775,609	6,019,287,097
Hire purchases	6,307,727,988	6,167,957,766	5,926,835,291	6,307,727,988	6,167,957,766	5,926,835,291
Other loans and receivables	504,350,512	505,808,366	451,973,077	504,350,511	505,808,366	451,973,077
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	769,149,145	554,773,253	425,246,055	769,149,145	554,773,253	425,246,055
Investments in subsidiaries	20,000,000	20,000,000	20,000,000	-	-	-
Investments in associate	-	-	-	-	-	-
Investment property	79,479,490	79,631,009	79,782,528	79,479,490	79,631,009	79,782,528
Property plant and equipments	805,557,108	738,368,098	596,352,823	809,604,883	742,932,333	601,455,558
Intangible assets	89,026,696	39,732,996	37,362,671	89,026,696	39,732,996	37,362,671
Other assets	227,690,766	156,389,777	244,493,731	227,758,266	156,524,777	244,620,017
Total assets	17,740,944,372	15,869,676,489	14,662,780,748	17,736,063,531	15,870,483,269	14,662,458,618
Liabilities						
Due to banks	2,136,343,501	1,330,546,001	2,886,548,499	2,136,343,501	1,330,546,001	2,886,548,499
Deposits from customers	6,481,457,325	5,624,399,485	4,170,316,524	6,425,340,610	5,587,138,393	4,140,121,069
Other borrowings	2,322,565,890	2,092,465,288	1,706,631,298	2,322,565,890	2,092,465,288	1,706,631,298
Debt securities issued	2,586,596,194	2,897,074,338	3,657,216,606	2,586,596,194	2,897,074,338	3,657,216,606
Current tax liabilities	155,731,632	155,731,632	37,368,415	155,781,975	155,767,756	46,140,369
Deferred tax liability	43,928,896	39,915,676	286,577,018	51,122,573	59,561,835	300,573,503
Other liabilities	422,258,552	315,373,479	40,184,305	438,409,458	328,616,905	40,184,305
Employee benefits	57,899,274	52,115,958	192,102,274	57,938,024	52,115,958	191,831,187
Subordinated liabilities	1,284,783,973	1,260,272,122	-	1,284,783,973	1,260,272,122	-
Total liabilities	15,491,565,237	13,767,893,980	12,976,944,939	15,458,882,197	13,763,558,597	12,969,246,836
Equity						
Stated capital	1,008,062,200	747,152,000	533,680,000	1,008,062,200	747,152,000	533,680,000
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	178,346,983	170,628,603	170,628,603	178,346,983
Retained earnings	875,652,298	988,965,873	808,772,793	903,454,498	994,108,036	816,148,766
Total equity	2,249,379,134	2,101,782,509	1,685,835,809	2,277,181,334	2,106,924,672	1,693,211,782
Total liabilities and equity	17,740,944,372	15,869,676,489	14,662,780,748	17,736,063,531	15,870,483,269	14,662,458,618
Net assets per share	34.49	35.80	31.59	34.91	35.89	31.73

*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.
L. Balasuriya
Managing Director/ Chief Executive Officer

*Colombo, Sri Lanka
10th November 2014*

Statement of Changes in Equity

For the six month period ended 30th September

	Stated capital Rs	Statutory reserve fund Rs	Investment fund reserve account Rs	Retained profit Rs	Total Rs
Company					
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	-	-	-	218,525,107	218,525,107
Transfers to reserves	-	-	23,587,289	(23,587,289)	-
Dividends paid	-	-	-	(106,736,000)	(106,736,000)
Balance as at 30th September 2013	<u>533,680,000</u>	<u>165,036,033</u>	<u>178,346,983</u>	<u>808,772,793</u>	<u>1,685,835,809</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	-	-	-	199,778,669	199,778,669
Bonus issue of shares	260,910,200	-	-	(260,910,200)	-
Transfers to reserves	-	-	-	-	-
Dividends paid	-	-	-	(52,182,044)	(52,182,044)
Balance as at 30th September 2014	<u>1,008,062,200</u>	<u>195,036,033</u>	<u>170,628,603</u>	<u>875,652,298</u>	<u>2,249,379,134</u>
Group					
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	-	-	-	225,131,552	225,131,552
Transfers to reserves	-	-	23,587,289	(23,587,289)	-
Dividends paid	-	-	-	(106,736,000)	(106,736,000)
Balance as at 30th September 2013	<u>533,680,000</u>	<u>165,036,033</u>	<u>178,346,983</u>	<u>816,148,766</u>	<u>1,693,211,782</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	-	-	-	222,438,706	222,438,706
Bonus issue of shares	260,910,200	-	-	(260,910,200)	-
Transfers to reserves	-	-	-	-	-
Dividends paid	-	-	-	(52,182,044)	(52,182,044)
Balance as at 30th September 2014	<u>1,008,062,200</u>	<u>195,036,033</u>	<u>170,628,603</u>	<u>903,454,498</u>	<u>2,277,181,334</u>

Figures in brackets indicate deductions

The above figures are provisional and subject to audit

Statement of Cash Flow

<i>For the six month period ended 30th September</i>	Company		Group	
	2014 Rs	2013 Rs	2014 Rs	2013 Rs
Cash flow from operating activities				
Interest and commission receipts	1,784,030,698	1,613,169,027	1,816,405,238	1,636,225,049
Interest payments	(923,107,277)	(888,185,966)	(920,879,602)	(887,006,433)
Recoveries of bad debts	19,385,999	17,681,305	19,385,999	17,681,305
Other operating income	5,422,473	5,821,401	5,272,473	5,671,401
Operating expenditure	(360,212,912)	(287,101,643)	(361,165,834)	(288,253,999)
Cash payments to employees	(159,191,504)	(141,946,546)	(160,467,099)	(142,945,130)
Operating profit before changes in operating assets and liabilities (Note A)	366,327,477	319,437,578	398,551,176	341,372,193
(Increase) / decrease in operating assets and liabilities				
Net funds advanced to customers	(145,358,235)	(806,048,948)	(145,358,229)	(806,048,948)
Deposits from customers	857,057,840	757,852,433	838,202,217	737,679,900
Deposits with Licensed Commercial Banks	(823,163,040)	1,061,779,016	(823,163,040)	1,061,779,016
Investments in government and other securities	(482,399,563)	(344,996,165)	(482,399,563)	(344,996,165)
Gratuity Paid	(409,833)	(231,483)	(409,833)	(231,483)
Trade and other receivables	(71,300,989)	(123,555,065)	(71,233,489)	(123,681,351)
Other liabilities	119,741,387	12,839,423	117,362,804	18,419,169
	(545,832,433)	557,639,210	(566,999,134)	542,920,137
Net cash inflow/(outflow) from operating activities before taxation	(179,504,956)	877,076,788	(168,447,958)	884,292,330
Taxes paid	(53,227,801)	(50,040,789)	(72,300,691)	(47,918,617)
Net cash generated from operating activities	(232,732,757)	827,036,000	(240,748,648)	836,373,713
Cash flow from investing activities				
Net investment in trading securities	499,763	13,010	499,763	13,010
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	1,522,171	9,393,719	1,522,171	393,719
Purchase of property, plant and equipment	(161,899,747)	(154,949,671)	(161,922,547)	(156,314,942)
Purchase of intangible assets	(54,609,694)	(1,534,539)	(54,609,694)	(1,534,539)
Proceeds from sale of property, plant and equipment	9,296,214	6,824,054	9,296,214	6,824,054
Net cash used in investing activities	(505,363,897)	(131,333,263)	(505,386,697)	(141,698,534)
Cash flow from financing activities				
Proceeds from rights issue	-	-	-	-
Subordinated liabilities	-	-	-	-
Loans obtained	2,282,550,000	380,000,000	2,282,550,000	380,000,000
Repayment of loans	(1,229,130,636)	(1,955,261,503)	(1,229,130,636)	(1,955,261,503)
Debentures issued	24,033,706	1,218,935,213	24,033,706	1,218,935,213
Redemption of debenture	(310,000,000)	(180,000,000)	(310,000,000)	(180,000,000)
Dividends paid	(101,936,797)	(105,755,713)	(101,936,797)	(105,755,713)
Net cash used in financing activities	665,516,272	(642,082,003)	665,516,272	(642,082,003)

Statement of Cash Flow (contd.)

<i>For the six month period ended 30th September</i>	Company		Group	
	2014 Rs	2013 Rs	2014 Rs	2013 Rs
Net Increase/ (Decrease) in cash and cash equivalents	(72,580,382)	53,620,733	(80,619,073)	52,593,176
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	255,761,269	288,077,129	250,938,049	294,252,738
Reconciliation of cash and cash equivalents				
Cash and short term funds	367,828,048	393,361,341	378,831,934	407,810,190
Bank overdraft	(112,066,779)	(105,284,212)	(127,893,885)	(113,557,453)
	255,761,269	288,077,129	250,938,049	294,252,738
(Note A)				
Reconciliation of operating profit				
Profit before income tax	257,557,540	279,078,422	289,203,230	291,502,830
Depreciation	92,921,553	70,045,335	93,460,813	70,555,542
Dividend receipts on investments	(1,522,171)	(9,393,719)	(1,522,171)	(393,719)
Profit on disposal of motor vehicles	(2,039,516)	(4,060,218)	(2,039,516)	(4,060,218)
Provision for defined benefit plan	6,193,150	6,193,149	6,231,900	6,193,149
Impairment of financial assets	102,631,174	88,414,566	102,631,174	88,414,566
Impairment of investment of associate company	-	(13,957,555)	-	(13,957,555)
Loans written off	4,273,395	-	4,273,395	-
Gain/(loss) on mark to market valuation of shares	(17,073,313)	(2,118,783)	(17,073,313)	(2,118,783)
Capital gain/(loss) on sale of shares	(1,607,774)	(985,375)	(1,607,774)	(985,375)
Gains form sale of group investments	-	(5,542,180)	-	(5,542,180)
Interest accrued on loans and advances	(57,485,297)	(120,525,100)	(57,485,297)	(120,525,100)
Accrued interest on borrowings	(36,641,516)	17,124,314	(36,641,516)	17,124,314
Amortization of structural fees	19,120,254	15,164,722	19,120,254	15,164,722
Cash flows from operating activities before changes in operating assets	366,327,477	319,437,578	398,551,176	341,372,193

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

Segment Information

For the six month period ended 30th September

	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.
Revenue																
Interest	696,865,605	686,788,150	770,002,416	717,476,891	9,769,130	7,052,538	44,015,824	37,906,711	98,046,824	74,531,997	-	-	-	-	1,618,699,800	1,523,756,287
Trading	-	-	-	-	-	-	-	-	18,681,087	3,104,158	-	-	44,909	49,742	18,725,997	3,153,900
Commissions	-	-	-	-	-	-	-	-	-	-	32,227,142	23,019,806	-	-	32,227,142	23,019,806
Rent	-	-	-	-	-	-	-	-	960,000	935,000	-	-	-	-	960,000	935,000
Dividends	-	-	-	-	-	-	-	-	1,522,171	393,719	-	-	-	-	1,522,171	393,719
Other income	-	-	-	-	-	-	-	-	2,039,516	9,602,398	-	-	227,231,159	214,660,714	229,270,675	224,263,112
Total revenue	696,865,605	686,788,150	770,002,416	717,476,891	9,769,130	7,052,538	44,015,824	37,906,711	121,249,599	88,567,272	32,227,142	23,019,806	227,276,068	214,710,456	1,901,405,784	1,775,521,825
Profit before tax															289,203,230	291,502,830
Taxation															(66,764,524)	(66,371,278)
Profit after tax															222,438,706	225,131,552
Segment Assets	5,959,402,204	6,001,775,609	6,307,727,988	6,167,957,766	82,967,773	102,884,961	421,382,738	402,923,405	4,353,944,853	2,613,697,131	15,119,161	20,806,779	595,518,814	560,437,617	17,736,063,531	15,870,483,268
Segment Liabilities	5,754,630,903	5,380,898,772	6,358,585,739	5,621,341,198	80,672,284	55,255,748	363,477,289	296,994,313	1,001,264,349	693,913,440	23,433,675	32,925,709	1,876,817,958	1,682,229,417	15,458,882,197	13,763,558,597
Information on Cash flows																
Operating activities	544,674,845	159,317,260	611,766,902	201,933,747	6,673,606	(2,408,638)	29,920,283	127,618	(1,369,382,615)	551,532,760	(10,093,567)	8,308,181	(54,308,101)	(82,437,216)	(240,748,648)	836,373,713
Investing activities	-	-	-	-	-	-	-	-	(298,150,670)	9,326,894	-	-	9,296,214	6,824,054	(288,854,456)	16,150,947
Capital expenditure	(72,810,276)	(59,255,665)	(77,066,021)	(60,896,385)	(1,013,677)	(1,015,786)	(5,148,334)	(3,978,072)	(53,195,256)	(25,805,090)	(22,800)	(1,365,270)	(7,275,878)	(5,533,213)	(216,532,241)	(157,849,480)
Financing activities	-	-	-	-	-	-	-	-	-	-	-	-	665,516,272	(642,082,003)	665,516,272	(642,082,003)
Net cash flow	471,864,569	100,061,595	534,700,881	141,037,363	5,659,929	(3,424,423)	24,771,949	(3,850,454)	(1,720,728,540)	535,054,564	(10,116,367)	6,942,911	613,228,507	(723,228,379)	(80,619,072)	52,593,177
Depreciation and amortisation	(41,359,614)	(31,624,227)	(43,777,075)	(32,499,865)	(575,815)	(542,116)	(2,924,493)	(2,123,062)	(151,519)	(303,038)	(539,260)	(510,207)	(4,133,037)	(2,953,027)	(93,460,813)	(70,555,542)

Performance indicators

<i>As at 30th September</i>	2014	2013	MINIMUM STATUTORY REQUIREMENT
Capital Adequacy			
Core capital (Tier 1) Rs. mn.	1,931.15	1,419.29	
Total capital base (Tier 2) Rs. mn.	2,884.77	1,408.91	
Core capital ratio	13.3%	10.7%	5%
Total capital ratio	19.8%	10.6%	10%
Capital funds to Total deposits ratio	32.1%	36.1%	10%
Asset Quality (As per Central Bank of Sri Lanka regulations)			
Total advances Rs. mn.	13,250.17	12,842.96	
Gross non-performing advances Rs. Mn.	666.97	250.51	
Net non-performing advances Rs. Mn.	526.06	219.34	
Gross non-performing advances ratio	5.03%	1.95%	
Net non-performing advances ratio	3.97%	1.71%	
Profitability			
Net interest margin	11.9%	11.8%	
Return on average assets	3.1%	3.9%	
Return on equity	23.7%	34.2%	
Liquidity			
Total liquid assets Rs. Mn.	3,342.44	1,203.98	
Liquid assets ratio	53.26%	30.14%	10%
Government securities Rs. Mn.	593.22	251.34	
Government securities to average deposits ratio	8.03%	8.32%	7.5%
Debt			
Debt-to-Equity ratio	3.70 : 1	4.89 : 1	
Interest cover	1.28	1.30	
Interest rate of comparable government securities			
6 month treasury bill	6.23%	9.62%	
3 year treasury bond	6.35%	11.30%	
4 year treasury bond	6.55%	11.55%	
5 year treasury bond	6.60%	-	

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

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	-	-	140 million
Unlisted privately placed 2 year Secured Redeemable Debentures	-	-	170 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	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	112.34	15.87%	11.48%	2.93%

6 Share information

6.1 Directors' shareholdings

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

	As at 30.09.2014
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. Mr. L. Balasuriya & Ms. A. S. Balasuriya	1,877,421
7. Mr. L. Balasuriya & Mr. S. K. Balasuriya	1,877,420
8. Mr. L. Balasuriya - The Trustee of the Capitalisation Issue	15
9. Mr. W. A. T. Fernando	Nil
10. Dr. P. Ramanujam	Nil
11. Mr. S. S. Kulatunga	Nil
12. Mr. S. D. Bandaranayake	Nil
13. Mr. D.T.P.Collure	Nil
14. 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	30.09.2014	31.03.2014	30.09.2013
Ordinary shares	65,227,555	58,704,800	53,368,000

Notes to the Financial Statements (contd.)

6.3 The 20 largest shareholders of the company as at 30th September 2014 were:

Shareholder	Number of Shares	%
1. E. W. Balasuriya & Co. (Pvt) Limited	36,697,014	56.26
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	5.74
7. Mrs. L. Fernando	3,141,113	4.82
8. Mr. L. Balasuriya & Ms. A. S. Balasuriya	1,877,421	2.88
9. Mr. L. Balasuriya & Mr. S. K. Balasuriya	1,877,420	2.88
10. Mr. D. K. C. R. Fernando	606,014	0.93
11. Mrs. S. Thaha	432,222	0.66
12. Mrs. C. Fernando	172,888	0.27
13. Estate of the late Mr. D. G. K. Hewamallika	172,888	0.27
14. Mr. M. M. Ariyaratne	28,488	0.04
15. Mr. P. P. K. Ikiriwatte	15,280	0.02
16. Mr. J. K. Jayatileke	15,267	0.02
17. Dr. A. Balasuriya & Mr. D. Balasuriya	3,858	0.01
18. Dr. A. Balasuriya & Mr. S. Balasuriya	3,857	0.01
19. Mrs. L. Fernando & Ms. S. A. Fernando	2,572	0.00
20. Mrs. L. Fernando & Ms. A. R. Fernando	2,571	0.00
	65,224,969	100

6.4 The percentage of shares held by the public on 30th September 2014 was 21.65% (2013 - 21.75%)

6.5 Information on Ratios and Share Prices

	30-Sep-2014	30-Sep-2013
Dividend per share (Rs.)	1.60	2.00
Net Assets per share (Rs.)	34.49	34.91
Market Prices (Rs.)		
- Highest price	60.00	Not traded
- Lowest price	60.00	Not traded
- Last traded price	60.00	Not traded

6.6 The board of directors has recommend to the share holders the issue of 6,522,755 shares in the proportion of one (1) ordinary new share for every nine (9) ordinary shares, credited as fully paid at a consideration of Rs. 40.00 per share, by way of Capitalisation of Reserves.

Pursuant to the approval of the shareholders at the EGM on 30th April 2014, 6,522,755 ordinary voting shares of the Company were listed on the Diri Savi Board of the Colombo Stock Exchange on 12th May 2014.

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.