



# Senkadagala Finance PLC

**Interim Financial Statement for the period ended  
30<sup>th</sup> September 2013**



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

Senkadagala Finance PLC

## *Income Statement*

<i>For the three month period ended 30th September</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	870,629,837	653,223,099	871,144,518	653,223,099
Interest expense	(453,965,637)	(369,944,641)	(453,332,747)	(369,944,641)
<b>Net interest income</b>	<b>416,664,200</b>	<b>283,278,458</b>	<b>417,811,771</b>	<b>283,278,458</b>
Fee and commission income	8,336,939	21,247,160	22,473,083	21,247,160
Fee and commission expense	(7,996,535)	(3,679,700)	(7,996,535)	(3,679,700)
<b>Net fee and commission income</b>	<b>340,404</b>	<b>17,567,460</b>	<b>14,476,548</b>	<b>17,567,460</b>
Net gain/(loss) from trading	35,983	224,511	35,983	224,511
Net gain/(loss) from financial instruments designated at fair value through profit or loss	(4,729,447)	12,029,967	(4,729,447)	12,029,967
Other operating income	17,689,365	14,454,989	8,689,365	14,454,989
Impairment expenses for loans and advances and other losses	(29,770,694)	(12,461,382)	(29,770,694)	(12,461,382)
	(16,774,793)	14,248,085	(25,774,793)	14,248,085
<b>Net operating income</b>	<b>400,229,811</b>	<b>315,094,003</b>	<b>406,513,526</b>	<b>315,094,003</b>
Personnel expenses	(75,487,155)	(62,064,408)	(75,985,489)	(63,123,158)
Depreciation of property plant and equipment	(33,963,984)	(28,159,514)	(34,233,234)	(28,159,514)
Amortisation of intangible assets	(2,344,096)	(2,226,722)	(2,344,096)	(2,226,722)
Other operating expenses	(112,853,594)	(84,382,417)	(113,615,213)	(84,434,754)
<b>Operating profit before VAT on Financial Services and Income tax</b>	<b>175,580,982</b>	<b>138,260,942</b>	<b>180,335,494</b>	<b>137,149,855</b>
Value Added Tax on Financial Services	(13,208,134)	(15,466,873)	(13,208,134)	(15,466,873)
<b>Profit before Income tax</b>	<b>162,372,848</b>	<b>122,794,069</b>	<b>167,127,360</b>	<b>121,682,982</b>
Income tax expense	1,234,428	47,077,473	(2,661,899)	47,077,473
<b>Profit for the period</b>	<b>163,607,276</b>	<b>169,871,542</b>	<b>164,465,461</b>	<b>168,760,455</b>
Earnings per share	3.07	3.18	3.08	3.16

*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	
	2013 Rs	2012 Rs	2013 Rs	2012 Rs
Profit for the period	163,607,276	169,871,542	164,465,461	168,760,455
<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>163,607,276</b>	<b>169,871,542</b>	<b>164,465,461</b>	<b>168,760,455</b>

*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	
	2013 Rs	2012 Rs	2013 Rs	2012 Rs
Interest income	1,719,139,794	1,319,858,173	1,719,654,475	1,319,858,173
Interest expense	(920,475,002)	(688,428,481)	(919,295,469)	(688,428,481)
<b>Net interest income</b>	<b>798,664,792</b>	<b>631,429,692</b>	<b>800,359,006</b>	<b>631,429,692</b>
Fee and commission income	14,554,333	42,194,500	37,095,673	42,194,500
Fee and commission expense	(15,556,500)	(7,335,683)	(15,556,500)	(7,335,683)
<b>Net fee and commission income</b>	<b>(1,002,167)</b>	<b>34,858,817</b>	<b>21,539,173</b>	<b>34,858,817</b>
Net gain/(loss) from trading	1,035,117	(552,549)	1,035,117	(552,549)
Net gain/(loss) from financial instruments designated at fair value through profit or loss	2,118,783	7,837,358	2,118,783	7,837,358
Other operating income	24,767,776	21,101,297	15,767,776	21,101,297
Impairment expenses for loans and advances and other losses	(80,044,568)	(10,278,773)	(80,044,568)	(10,278,773)
	(52,122,892)	18,107,333	(61,122,892)	18,107,333
<b>Net operating income</b>	<b>745,539,733</b>	<b>684,395,842</b>	<b>760,775,288</b>	<b>684,395,842</b>
Personnel expenses	(148,139,696)	(110,119,596)	(149,138,280)	(111,178,346)
Depreciation of property plant and equipment	(65,358,959)	(53,658,599)	(65,869,166)	(53,658,599)
Amortisation of intangible assets	(4,686,376)	(4,501,290)	(4,686,376)	(4,501,290)
Other operating expenses	(223,438,331)	(162,724,408)	(224,740,687)	(162,949,299)
<b>Operating profit before VAT on Financial Services and Income tax</b>	<b>303,916,371</b>	<b>353,391,949</b>	<b>316,340,779</b>	<b>352,108,308</b>
Value Added Tax on Financial Services	(25,537,949)	(30,421,977)	(25,537,949)	(30,421,977)
<b>Profit before Income tax</b>	<b>278,378,422</b>	<b>322,969,972</b>	<b>290,802,830</b>	<b>321,686,331</b>
Income tax expense	(44,058,500)	(45,689,850)	(50,168,849)	(45,689,850)
<b>Profit for the period</b>	<b>234,319,922</b>	<b>277,280,122</b>	<b>240,633,981</b>	<b>275,996,481</b>
Earnings per share	4.39	5.20	4.51	5.17
Dividend per share	2.00	1.24	2.00	1.24

*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>	<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	<u>234,319,922</u>	<u>277,280,122</u>	<u>240,633,981</u>	<u>275,996,481</u>
<b>Other comprehensive income</b>				
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	-	-	-	-
<b>Total other comprehensive income</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income tax (charge)/credit related to other comprehensive income	-	-	-	-
Other comprehensive income for the period net of tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period net of tax</b>	<u><b>234,319,922</b></u>	<u><b>277,280,122</b></u>	<u><b>240,633,981</b></u>	<u><b>275,996,481</b></u>

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

As at	Company			Group		
	30.09.2013 Rs	31.03.2013 Rs	30.09.2012 Rs	30.09.2013 Rs	31.03.2013 Rs	30.09.2012 Rs
<b>Assets</b>						
Cash and cash equivalents	393,361,341	333,440,165	170,339,902	407,810,190	340,643,331	174,120,094
Deposit with licensed commercial banks	-	1,061,779,016	-	-	1,061,779,016	-
Repurchase agreements	385,368,045	75,762,008	528,694,310	385,368,045	75,762,008	528,694,310
Financial assets held at fair value through profit and loss	70,718,805	67,627,657	67,353,087	70,718,805	67,627,657	67,353,087
Loans and advances	12,398,095,465	11,559,935,985	10,579,908,437	12,398,095,465	11,559,935,985	10,579,908,437
Financial assets available for sale	11,999,283	1,419,713	1,419,713	11,999,283	1,419,713	1,419,713
Financial assets held to maturity	425,246,055	389,855,927	359,027,244	425,246,055	389,855,927	359,027,244
Investments in subsidiaries	20,000,000	20,000,000	5,000,000	-	-	-
Investments in associate	-	-	-	-	-	-
Investment property	79,782,528	79,934,047	79,782,528	79,782,528	79,934,047	79,782,528
Property plant and equipments	596,352,823	509,374,424	477,704,036	601,455,558	513,622,096	477,704,036
Intangible assets	37,362,671	40,514,509	40,410,188	37,362,671	40,514,509	40,410,188
Other assets	244,493,731	120,938,666	143,015,076	244,620,017	120,938,666	142,951,241
<b>Total assets</b>	<b>14,662,780,748</b>	<b>14,260,582,117</b>	<b>12,452,654,521</b>	<b>14,662,458,618</b>	<b>14,252,032,955</b>	<b>12,451,370,878</b>
<b>Liabilities</b>						
Deposits from customers	4,170,316,524	3,412,464,090	3,167,839,914	4,140,121,069	3,402,441,169	3,167,839,914
Borrowings	4,593,179,797	6,136,152,264	5,725,094,021	4,593,179,797	6,136,152,266	5,725,094,021
Debentures	3,657,216,606	2,618,281,394	1,933,035,625	3,657,216,606	2,618,281,392	1,933,035,625
Current tax liabilities	13,882,947	19,865,236	1,994,316	22,654,901	20,424,528	1,994,316
Other liabilities	287,277,018	266,456,865	76,229,320	301,273,503	266,600,364	76,229,320
Employee benefits	40,184,305	34,222,639	32,099,846	40,184,305	34,222,639	32,099,846
Deferred tax liability	199,092,927	199,092,927	178,788,239	199,114,226	199,094,367	178,788,239
<b>Total liabilities</b>	<b>12,961,150,124</b>	<b>12,686,535,415</b>	<b>11,115,081,281</b>	<b>12,953,744,408</b>	<b>12,677,216,725</b>	<b>11,115,081,281</b>
<b>Equity</b>						
Stated capital	533,680,000	533,680,000	533,680,000	533,680,000	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	178,346,983	154,759,694	138,348,290	178,346,983	154,759,694	138,348,290
Retained earnings	824,567,608	720,570,975	535,508,916	831,651,195	721,340,503	534,225,274
<b>Total equity</b>	<b>1,701,630,624</b>	<b>1,574,046,702</b>	<b>1,337,573,239</b>	<b>1,708,714,211</b>	<b>1,574,816,230</b>	<b>1,336,289,597</b>
<b>Total liabilities and equity</b>	<b>14,662,780,748</b>	<b>14,260,582,117</b>	<b>12,452,654,521</b>	<b>14,662,458,618</b>	<b>14,252,032,955</b>	<b>12,451,370,878</b>
Net assets per share	31.88	29.49	25.06	32.02	29.51	25.04

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

Interim Chairman

Sgd

L Balasuriya

Chief Executive Officer/Managing Director

Colombo, Sri Lanka

24th October 2013

## 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
<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	-	-	-	277,280,122	277,280,122
Transfers to reserves	-	-	41,289,137	(41,289,137)	-
Dividends paid	-	-	-	(66,410,468)	(66,410,468)
Balance as at 30th September 2012	<u>533,680,000</u>	<u>130,036,033</u>	<u>138,348,290</u>	<u>535,508,915</u>	<u>1,337,573,238</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	-	-	-	234,319,922	234,319,922
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>824,567,608</u>	<u>1,701,630,624</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	-	-	-	275,996,481	275,996,481
Transfers to reserves	-	-	41,289,137	(41,289,137)	-
Dividends paid	-	-	-	(66,410,468)	(66,410,468)
Balance as at 30th September 2012	<u>533,680,000</u>	<u>130,036,033</u>	<u>138,348,290</u>	<u>534,225,274</u>	<u>1,336,289,597</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	-	-	-	240,633,981	240,633,981
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>831,651,195</u>	<u>1,708,714,211</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	
	2013 Rs	2012 Rs	2013 Rs	2012 Rs
<b>Cash flow from operating activities</b>				
Interest and commission receipts	1,733,694,127	1,362,052,673	1,756,750,150	1,362,052,673
Interest payments	(888,185,966)	(671,836,438)	(887,006,433)	(671,836,438)
Recoveries of bad debts	17,681,305	16,760,279	17,681,305	16,760,279
Other operating income	5,821,401	6,320,052	5,821,401	6,320,052
Operating expenditure	(287,801,643)	(202,122,519)	(289,103,999)	(202,347,410)
Cash payments to employees	(141,946,547)	(107,835,981)	(142,945,131)	(108,894,731)
<b>Operating profit before changes in operating assets and liabilities (Note A)</b>	<b>439,262,677</b>	<b>403,338,067</b>	<b>461,197,293</b>	<b>402,054,426</b>
<b>(Increase) / decrease in operating assets and liabilities</b>				
Net funds advanced to customers	(926,574,048)	(1,636,741,312)	(926,574,048)	(1,636,741,314)
Deposits from customers	757,852,434	435,809,287	737,679,900	435,809,287
Deposits with Licensed Commercial Banks	1,061,779,016	637,118,275	1,061,779,016	637,118,275
Investments in government and other securities	(344,996,165)	(480,809,004)	(344,996,165)	(480,809,004)
Gratuity Paid	(231,483)	(791,826)	(231,483)	(791,826)
Trade and other receivables	(123,555,065)	9,070,844	(123,681,351)	9,134,679
Other liabilities	13,539,423	(262,707,803)	19,119,169	(262,707,803)
	<b>437,814,111</b>	<b>(1,299,051,538)</b>	<b>423,095,037</b>	<b>(1,298,987,705)</b>
<b>Net cash inflow/(outflow) from operating activities before taxation</b>	<b>877,076,788</b>	<b>(895,713,471)</b>	<b>884,292,330</b>	<b>(896,933,279)</b>
Taxes paid	(50,040,789)	(86,745,728)	(47,918,617)	(86,745,728)
<b>Net cash generated from operating activities</b>	<b>827,036,000</b>	<b>(982,459,199)</b>	<b>836,373,713</b>	<b>(983,679,007)</b>
<b>Cash flow from investing activities</b>				
Investments in subsidiary companies	-	(5,000,000)	-	-
Net investment in trading securities	13,010	446,047	13,010	52,962
Net investment in investment securities	(166,150)	-	(166,150)	(241,852)
Dividend receipts on investments	9,393,719	1,267,608	393,719	1,267,608
Purchase of property, plant and equipment	(154,949,671)	(106,956,150)	(156,314,942)	(106,956,150)
Purchase of intangible assets	(1,534,539)	-	(1,534,539)	-
Proceeds from sale of property, plant and equipment	6,824,054	22,166,096	6,824,054	22,171,089
<b>Net cash used in investing activities</b>	<b>(131,333,263)</b>	<b>(88,706,343)</b>	<b>(141,698,534)</b>	<b>(83,706,343)</b>
<b>Cash flow from financing activities</b>				
Loans obtained	-	2,163,194,436	-	2,163,194,436
Repayment of loans	(1,575,261,503)	(1,260,530,859)	(1,575,261,503)	(1,260,530,859)
Debentures issued	1,178,935,213	391,282,676	1,178,935,213	391,282,676
Redemption of debenture	(140,000,000)	(230,000,000)	(140,000,000)	(230,000,000)
Dividends paid	(105,755,713)	(66,097,320)	(105,755,713)	(66,097,320)
<b>Net cash used in financing activities</b>	<b>(642,082,003)</b>	<b>997,848,932</b>	<b>(642,082,003)</b>	<b>997,848,932</b>

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

<i>For the six month period ended 30th September</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	53,620,733	(73,316,610)	52,593,176	(69,536,418)
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>288,077,129</b>	<b>129,873,983</b>	<b>294,252,738</b>	<b>133,654,175</b>
<b>Reconciliation of cash and cash equivalents</b>				
Cash and short term funds	393,361,341	170,339,902	407,810,190	174,120,094
Bank overdraft	(105,284,212)	(40,465,919)	(113,557,453)	(40,465,919)
	<b>288,077,129</b>	<b>129,873,983</b>	<b>294,252,738</b>	<b>133,654,175</b>
<b>(Note A)</b>				
<b>Reconciliation of operating profit</b>				
Profit before income tax	278,378,422	322,969,972	290,802,830	321,686,331
Depreciation	70,045,335	58,159,889	70,555,543	58,159,889
Dividend receipts on investments	(9,393,719)	(1,267,608)	(393,719)	(1,267,608)
Profit on disposal of motor vehicles	(4,060,218)	(13,513,637)	(4,060,218)	(13,513,637)
Provision for defined benefit plan	6,193,149	2,283,615	6,193,149	2,283,615
Impairment of financial assets	88,414,565	25,398,601	88,414,565	25,398,601
Impairment of investment of associate company	(13,957,555)	-	(13,957,555)	-
Loans written off	-	-	-	-
Gain/(loss) on mark to market valuation of shares	(2,118,783)	(7,837,358)	(2,118,783)	(7,837,358)
Capital gain/(loss) on sale of shares	(985,375)	552,549	(985,375)	552,549
Gains form sale of group investments	(5,542,180)	-	(5,542,180)	-
Accrued interest on borrowings	17,124,314	9,763,753	17,124,314	9,763,753
Amortization of structural fees	15,164,722	6,828,291	15,164,722	6,828,291
<b>Cash flows from operating activities before changes in operating assets</b>	<b>439,262,677</b>	<b>403,338,067</b>	<b>461,197,293</b>	<b>402,054,426</b>

*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	
	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	338,007,494	268,662,000	349,255,044	284,365,056	3,800,972	281,859	18,199,912	15,479,069	46,847,688	42,825,167	-	-	-	-	1,523,756,287	1,198,273,919
Trading	-	-	-	-	-	-	-	-	7,832,208	(4,969,670)	-	-	15,156	-	3,153,900	7,284,809
Commissions	-	-	-	-	-	-	-	-	-	-	8,492,304	13,450,479	-	-	23,019,806	27,026,305
Rent	-	-	-	-	-	-	-	-	555,000	480,000	-	-	-	-	1,085,000	960,000
Dividends	-	-	-	-	-	-	-	-	715,586	702,836	-	-	-	-	393,719	1,267,608
Other income	-	-	-	-	-	-	-	-	4,143,642	2,215,896	-	-	112,181,675	73,313,083	251,543,942	179,141,489
Total revenue	686,788,150	521,822,754	717,476,891	569,172,232	7,052,538	1,142,698	37,906,711	31,803,155	88,717,272	97,359,134	23,019,806	27,026,305	241,991,286	165,627,852	1,802,952,655	1,413,954,130
Profit before tax															290,802,830	321,686,331
Taxation															(50,168,849)	(45,689,850)
Profit after tax															240,633,981	275,996,481
Segment Assets	5,863,910,738	5,707,068,373	5,680,787,060	5,446,674,892	80,779,349	69,635,416	306,429,649	336,557,304	2,411,025,722	2,226,267,301	25,432,491	11,450,839	468,800,864	454,378,831	14,662,458,618	14,252,032,955
Segment Liabilities	5,068,572,716	4,983,786,935	5,237,234,731	5,275,084,866	56,997,266	5,228,597	272,915,776	287,142,892	901,138,119	765,282,360	9,575,531	704,232	1,682,441,385	1,359,986,844	12,953,744,407	12,677,216,725
<b>Information on Cash flows</b>																
Operating activities	16,127,756	(176,408,735)	38,870,026	(139,143,437)	(1,269,568)	(5,484,398)	(7,988,339)	(18,232,100)	(236,566,189)	(175,207,821)	18,269,000	18,344,352	(48,259,014)	(63,469,289)	836,373,713	(983,679,007)
Investing activities	-	-	-	-	-	-	-	-	2,562,527	(4,610,217)	-	-	6,507,089	-	16,150,947	23,249,807
Capital expenditure	(32,560,760)	(18,586,111)	(31,543,922)	(17,738,092)	(448,547)	(226,780)	(1,701,524)	(1,096,060)	(13,387,794)	(7,250,246)	(1,365,271)	(37,292)	(2,603,128)	(1,479,768)	(157,849,481)	(106,956,150)
Financing activities	-	-	-	-	-	-	-	-	-	-	-	-	294,616,006	539,090,659	(642,082,003)	997,848,932
Net cash flow	71,622,261	(429,435,016)	113,263,921	(335,909,257)	(6,167,411)	(11,205,939)	(17,212,634)	(40,467,936)	610,848,205	(162,108,943)	22,293,060	36,364,362	(742,054,225)	873,226,311	52,593,176	(69,536,418)
Depreciation and amortisation	(15,917,479)	(13,036,732)	(15,420,393)	(12,441,911)	(219,274)	(159,069)	(831,798)	(768,802)	(75,760)	(303,038)	(240,957)	(26,157)	(1,272,551)	(1,037,944)	(70,555,542)	(58,159,889)

## *Performance indicators*

<i>As at 30th September</i>	<b>2013</b>	<b>2012</b>	<b>MINIMUM STATUTORY REQUIREMENT</b>
<b>Capital Adequacy</b>			
Core capital (Tier 1) Rs. mn.	1,419.29	1,029.64	
Total capital base (Tier 2) Rs. mn.	1,419.29	1,029.64	
Core capital ratio	10.7%	12.0%	5%
Total capital ratio	10.7%	12.0%	10%
Capital funds to Total deposits ratio	34.0%	32.5%	10%
<b>Asset Quality (As per Central Bank of Sri Lanka regulations)</b>			
Total advances Rs. mn.	12,842.96	10,909.64	
Gross non-performing advances Rs. Mn.	250.51	73.10	
Net non-performing advances Rs. Mn.	219.34	54.22	
Gross non-performing advances ratio	1.95%	0.67%	
Net non-performing advances ratio	1.71%	0.50%	
<b>Profitability</b>			
Net interest margin	11.8%	11.5%	
Return on average assets	3.8%	5.5%	
Return on equity	34.0%	52.4%	
<b>Liquidity</b>			
Total liquid assets Rs. Mn.	1,203.98	1,058.06	
Liquid assets ratio	30.14%	34.58%	10%
Government securities Rs. Mn.	425.25	359.03	
Government securities to average deposits ratio	14.08%	15.01%	7.5%
<b>Debt</b>			
Debt-to-Equity ratio	4.85 : 1	5.73 : 1	
Interest cover	1.30	1.47	
Interest rate of comparable government securities			
6 month treasury bill	9.62%	-	
3 year treasury bond	11.30%	-	
4 year treasury bond	11.55%	-	

*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 a final dividend of Rs. 1.20 per share for the year ended March 31, 2013. The company paid a total dividend payment of Rs.64,041,600/- on 8th August 2013. Further the board declared and paid an interim dividend of Rs. 0.40 per share for the quarter ended June 30, 2013. The total dividend payment amounted Rs. 21,347,200 on October 15, 2013.

### 5 Debenture Information

- 5.1 During the three month period ended the 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	80 million	80 million	120 million
Unlisted privately placed 2 year Secured Redeemable Debentures	-	-	80 million
Listed Debentures	1,000 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

### 6 Share information

- 6.1 Directors' shareholdings

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

	As at 30.09.2013
1. Dr. A. Balasuriya	3,065,832
2. Dr. M. Balasuriya	3,065,832
3. Mrs. L. Fernando	2,570,002
4. Mr. L. Balasuriya & Ms. A. S. Balasuriya	1,532,916
5. Mr. L. Balasuriya & Mr. S. K. Balasuriya	1,532,916
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

- 6.2 Stated Capital

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

As at	30.09.2013	31.03.2013	30.09.2012
Ordinary shares	53,368,000	53,368,000	53,368,000

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

6.3 The 20 largest shareholders of the company as at 30th September 2013 were:

Shareholder	Number of Shares	%
1. E. W. Balasuriya & Co. (Pvt) Limited	29,994,150	56.20
2. Hallsville Trading Group Inc.	4,180,000	7.83
3. Dr. (Mrs.) G. Madan Mohan	3,065,832	5.74
4. Dr. A. Balasuriya	3,065,832	5.74
5. Mr. R. Balasuriya	3,065,832	5.74
6. Dr. M. Balasuriya	3,065,832	5.74
7. Mrs. L. Fernando	2,570,002	4.82
8. Mr. L. Balasuriya & Ms. A. S. Balasuriya	1,532,916	2.87
9. Mr. L. Balasuriya & Mr. S. K. Balasuriya	1,532,916	2.87
10. Mr. D. K. C. R. Fernando	495,830	0.93
11. Mrs. S. Thaha	389,000	0.73
12. Mrs. C. Fernando	155,600	0.29
13. Estate of the late Mr. D. G. K. Hewamallika	155,600	0.29
14. Mr. E. W. Balasuriya (Deceased )	41,660	0.08
15. Mr. M. M. Ariyaratne	22,400	0.04
16. Mr. P. P. K. Ikiriwatte	12,502	0.02
17. Mr. J. K. Jayatileke	12,492	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>53,368,000</b>	<b>100</b>

6.4 The percentage of shares held by the public on 30th June 2013 was 21.75% (2012 - 21.57%)

6.5 Information on Ratios, Market Prices and Credit Rating.

	30-Sep-2013	30-Sep-2012
Dividend per share (Rs.)	2.00	1.24
Net Assets per share (Rs.)	32.02	25.04
Market Prices		
- Highest price	50.00	50.00
- Lowest price	50.00	50.00
- Last traded price	50.00	50.00

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.