

Annual Report

Senfin Shariah Income Fund

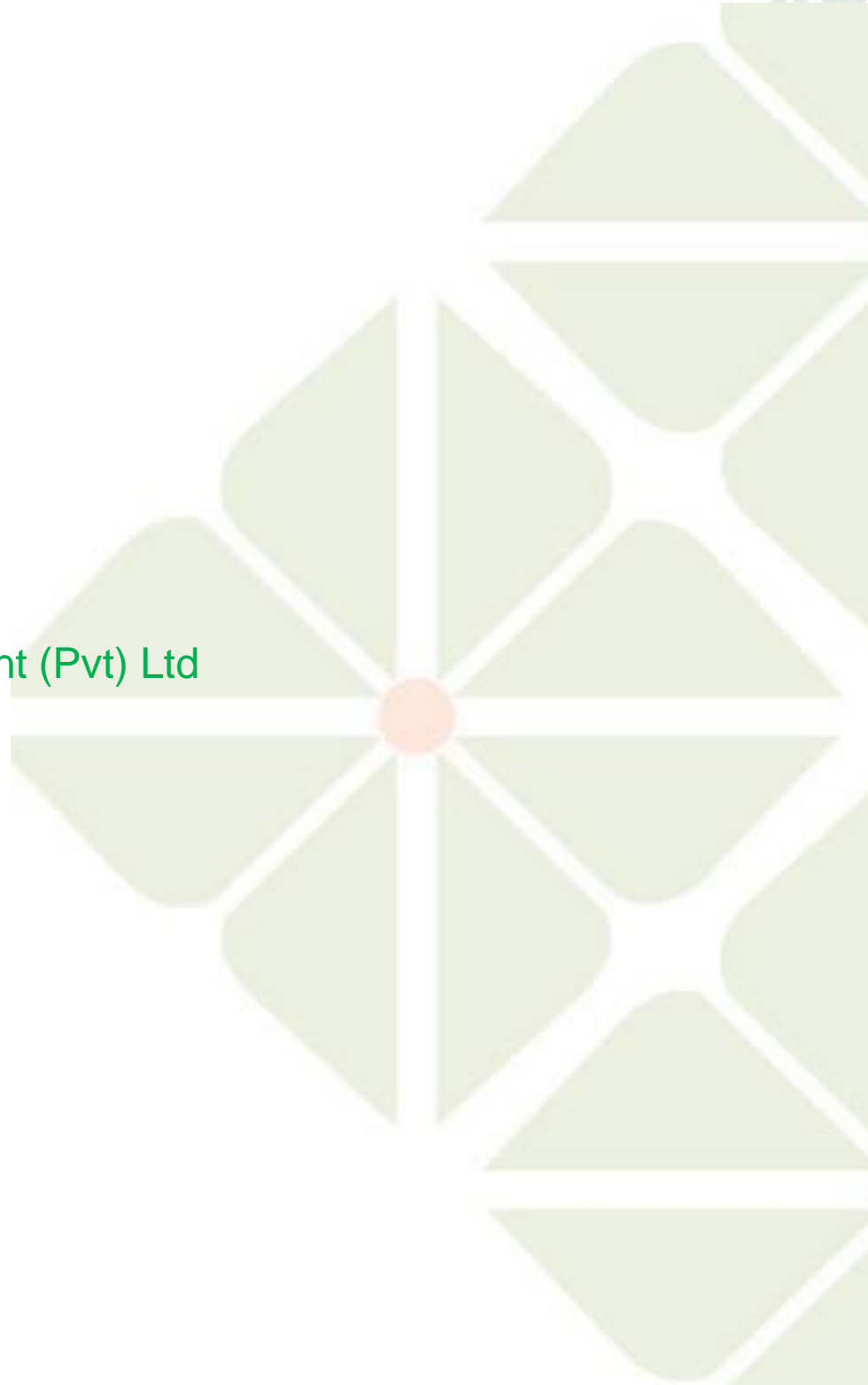
FY 2024



SenFin
ASSET MANAGEMENT

Trustee and Custodian
HNB Bank PLC

Fund Manager
Senfin Asset Management (Pvt) Ltd



Senfin Shariah Income Fund

is Licensed and Regulated by the Securities & Exchange
Commission of Sri Lanka

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Profile of the fund management company

The Company

Senfin Asset Management (Private) Limited (“SFAM” or “Fund Manager”) is a Company duly incorporated in Sri Lanka under the Companies Act No. 07 of 2007 on 15th December 2010, bearing Registration No. PV75997 and having its Registered Office at No. 267, Galle Road, Colombo 03, Sri Lanka. SFAM was formerly known as Candor Asset Management (Pvt) Ltd and was acquired by Senkadagala Finance PLC in March 2020, with the former’s name was changed to Senfin Asset Management (Pvt) Ltd in August of the same year.

SFAM will also act as the Registrar to the Fund. The Registrar will maintain records of Unit holders for subscription and cancellation of units. In addition, the Registrars will prepare transaction receipts and dispatch them to the Unit holders and cancel units on receipt of redemption requests by unit holders. The Registrar shall also arrange for mailing of periodic reports and dividends to Unit holders.

Board of Directors

Dr. Prathap Ramanujam | Chairman (Non-Executive / Independent Director)

Dr. Prathap Ramanujam was the former Chairman of Panasian Power PLC and has extensive experience in the public sector. During the last 14 years in the Public Sector, he was the Permanent Secretary to several Ministries and was responsible for the establishment of the Secretariat for Infrastructure Development & Investments (SIDI), which was instrumental in initiating the first mini hydro project as a Public Private sector project as far back as 1993. Dr. Ramanujam has previously served on the Boards of several financial services institutions including the National Savings Bank, the State Mortgage and Investment Bank and Senkadagala Finance PLC. during his career.

He currently serves as director of Ceylon Grain Elevators PLC, Three Acre Farm PLC and Iconic Development Pvt. Ltd. He also served as a Director in Panasian Power PLC, Manelwela Hydro Power Pvt. Ltd, Panasian Investment Pvt. Ltd, Paddiyapallela Hydropower Pvt. Ltd, and associated companies.

Dr. Ramanujam has a First Class B.Sc. (Hons.) degree from the University of Peradeniya Sri Lanka, a M.Sc. degree in Economics from the University of Bristol, U.K and a Ph.D. in Economics from the Australian National University, Canberra, Australia. He worked as a Post-Doctoral Fellow at the Faculty of Economics at the University of Glasgow U.K.

Mr. Sanath Divale Bandaranayake – Director | Non-Executive / Non-Independent Director

Mr. Bandaranayake currently serves as an Executive Director / Additional CEO of Senkadagala Finance PLC. Mr. Bandaranayake served at Commercial Bank of Ceylon PLC, the largest and the most awarded bank in Sri Lanka, for 36 years. He has served Commercial Bank in various capacities such as Branch Manager (Kandy, City Office), Chief Manager, Assistant General Manager and Deputy General Manager (Operations) and was a core member of the Management teams which led the Bank to important milestones such as introducing Banking Software to improve the bank's operations (which is very successfully used even today), Holiday Banking and Supermarket Banking.

During his career at the Commercial Bank, he was appointed as Director at LankaClear and also served as Director of Commex Sri Lanka S R L (subsidiary of Commercial Bank based in Italy) and ONEzero Company Ltd., (subsidiary of Commercial Bank engaged in the business of Information Technology). He is also a director of Senfin Securities Ltd, Senkadagala Insurance Brokers (Pvt) Ltd, Sobhadanavi (Pvt) Ltd & Lakdhanavi (Pvt) Ltd.

Mr. Bandaranayake holds a Bachelor's Degree in Physical Sciences from the University of Sri Lanka, Vidyodaya Campus.

Mr. Sonal Balasuriya | Non-Executive / Independent Director

Mr. Sonal Balasuriya has gained 3 years of work experience in both the United Kingdom and Sri Lanka before starting his own practice Sonal Balasuriya Architects in 2016. He is the principal architect at Sonal Balasuriya Architects and Design Studio. Mr. Sonal Balasuriya holds a First-Class B.Sc. (Hons) degree from the University of Westminster and a Distinction in MA. Architecture from the Bartlett School of Architecture, University College London. He is also a SLIA qualified Chartered Architect.

Mr. Don Tilak Padmanabha Collure | Non-Executive / Independent Director

Mr. Tilak Collure is a former public officer from the Sri Lanka Administrative Service Special Grade who has held a number of senior positions during 35 years in Government service mainly in the areas of trade, commerce, and logistics. He has served as the Secretary to the following ministries: Ministry of Industry and Commerce, Ministry of Transport, Ministry of Shipping, Ports and Aviation. During his career, Mr. Collure has also headed several major public sector corporate institutions as their CEO/Chairman. He has served as an Independent Non-Executive Director at Senkadagala Finance PLC.

Mr. Collure holds a BSc in Natural Sciences (Colombo) and a Master's in Public Administration with a Merit Award (PIM/University of Sri Jayewardenepura).

Mr. Krishanth Jeevan Sukumaran | Executive /Non-Independent Director

Mr. Jeevan Sukumaran has in total 17 years' experience spanning Finance, Asset Management, Accounting and Operations. His core experience is in Capital Markets covering Mutual Funds/Unit Trusts, Portfolio Management, Equity Analysis and Research, Corporate Finance, Investment Banking and Financial Advisory.

Prior to joining Senfin Asset Management as the Chief Executive Officer, Jeevan was the General Manager/Head of Operations at CT CLSA Asset Management (Pvt) Ltd (CAM) (formerly known as Comtrust Asset Management and CT Fund Management). During which time he also acted as the fund manager for all of CAM's Fixed Income Funds. Prior to which, he worked at CT CLSA Capital (Pvt) Ltd, a leading Investment Banking and Corporate Financial Advisory firm.

In addition to being an Associate member (ACMA CGMA) of the Chartered Institute of Management Accounting (CIMA – UK), Jeevan is also a Certified Practising Accountant holding the CPA (Aus) designation from CPA Australia. He also holds a Professional Diploma in Marketing and is an Associate member (ACIM) of the Chartered Institute of Marketing (CIM – UK).

Key Personnel

Mr. Murugiah Rajendran | Head of Compliance

Mr. Murugiah Rajendran has in total over 41 years of experience in banking. He has acquired a skill sets in Risk Management (including Credit Approval, Credit Monitoring, Remedial Management etc.), Client Coverage, Operational Risk Management, Business Compliance Management and Internal Audit. Mr. Rajendran started banking career with Commercial Bank of Ceylon Ltd, the largest and most awarded bank in SL and served the bank for 16 years mainly in Corporate Banking. He then moved to overseas and worked as Marketing Manager, National Bank of Oman, Abu Dhabi (for 2 years), Director, Standard Chartered Bank, Dubai (12 years) and Vice President Mashreq bank plc, Dubai (11 years).

Mr. Rajendran has completed 'The Credit Skills Component' of the Standard Chartered Bank Credit Programme conducted by the external agency and designated a 'Credit Professional'. Mr. Rajendran is an Associate Member of the Chartered Institute of Management Accountants – UK (ACMA), Chartered Global Management Accountant (CGMA) and an Associate Member in the Institute of Bankers, Sri Lanka (AIB).

Mr. Nilanka Gamaethige | Head of Client Services & Marketing

Mr. Nilanka Gamaethige has over fifteen years of experience in both international banks and a local bank. While working at both HSBC and Standard Chartered Banks he covered aspects mainly such as Portfolio Management, Proposition Management, PFS Lending, Brand Marketing, Operations, recoveries, branch management, strategic planning. While at Standard Chartered Bank he also worked as a Teller Service Manager and thereafter as the acting Branch Manager at the Negombo branch and a Relationship Manager at the Lipton Circle Branch, Colombo.

In 2016 he moved to DFCC Bank PLC and worked for 5 plus years at retail banking handling the affluent client segment. He was assigned the task of setting up and operating the Negombo Premier center and acquiring affluent clients, which he successfully achieved within a short period of time. He also well contributed to the growth of SME and Corporate sector of the Negombo branch. He also got the opportunity to complete a SME Workshop at JNIBF Hyderabad India.

Mr. Gamaethige is in the process of completing Degree in Business Management from the Manchester metropolitan university.

Mr. Surath Perera | Chief Investment Officer / Fund Manager

Mr. Surath Perera is a Senior Fund Manager who has been in the unit trust industry for over eleven (11) years, of which, eight (8) years have been as a Fund Manager. He joined Senfin in January 2021 and was previously employed at CT CLSA Asset Management (Pvt) Ltd. (CAM), a pioneer asset management company during which time he managed the Comtrust Equity Fund, the flagship fund and one of the first mutual funds launched in Sri Lanka. In addition to managing equity mutual funds, he is also experienced in managing high net worth client portfolios and fixed income portfolios etc.

Mr. Perera has a Second-Class Upper Bachelor of Business Administration (Hons) degree specializing in Accounting from the University of Colombo, Sri Lanka. He is an Associate Member (ACMA) of the Chartered Institute of Management Accountants (CIMA-UK) and Chartered Global Management Accountant (CGMA). He also has Dip.M (CIM) from the Chartered Institute of Marketing (CIM-UK) and has completed Level 1 of Chartered Financial Analyst (CFA) Programme.

Mr. Rajitha Elapata | Senior Fund Manager

Mr. Rajitha Elapata has over 14 years of experience in the financial services sector in the areas of Fund Management, Equity Research and Banking. Prior to joining Senfin, Mr. Elapata worked at Namal Asset Management as the Fund Manager for Equity, Fixed Income & Private Portfolio's. He also worked as an Assistant Fund Manager at Ceybank Asset Management Ltd, managing Equity, Private portfolios & Gilt-Edge funds. He also worked at Capital Trust Securities as an Investment Analyst. Mr. Elapata commenced his career at HSBC Sri Lanka corporate banking division.

Mr. Elapata holds a Bachelor of Business Administration with Economics Degree from the University of Greenwich UK London. He is currently reading for a Master of Financial Economics at the University of Colombo, Sri Lanka.

Investment Committee

Mr. Mahendra Jayasekera

Mr. Mahendra Jayasekera is a Director of Lanka Walltiles PLC, Lanka Tiles PLC, Swisstek (Ceylon) PLC, Lanka Ceramic PLC and Swisstek Aluminium Limited. He is also a Director of Uni Dil Packaging Limited and Uni Dil Packaging Solutions Limited. Mr. Jayasekera holds a BSc Special (Hons) degree in Business Administration from the University of Sri Jayawardenapura and is a Fellow of the Institute of Chartered Accountants of Sri Lanka.

Mr. Alastair Corera, CFA

Mr. Alastair Corera is an Executive Director of Orion Fund Management (Pvt) Ltd., a position he has held since 2006. Previously, he was at Fitch Ratings Lanka Ltd. where he headed the Financial Institutions team and was its Country Head from 2004 to 2006. Prior to that he was General Manager at Forbes ABN AMRO Securities (Pvt) Ltd. Mr. Corera is a Chartered Financial Analyst, USA and a Fellow of the Chartered Institute of Management Accountants, UK. He is the Chairman/Independent Non-Executive Director at Citizens Development Business Finance PLC and an Independent Non-Executive Director in Citizens Development Business Finance PLC

Risk Management Committee

1. Mr. Sanath Divale Bandaranayake – Chairman of the Risk Management Committee
2. Mr. Murugiah Rajendran
3. Mr. Keshav Balasuriya
4. Mr. Jeevan Sukumaran

FUND MANAGER'S REPORT

Dear Investor,

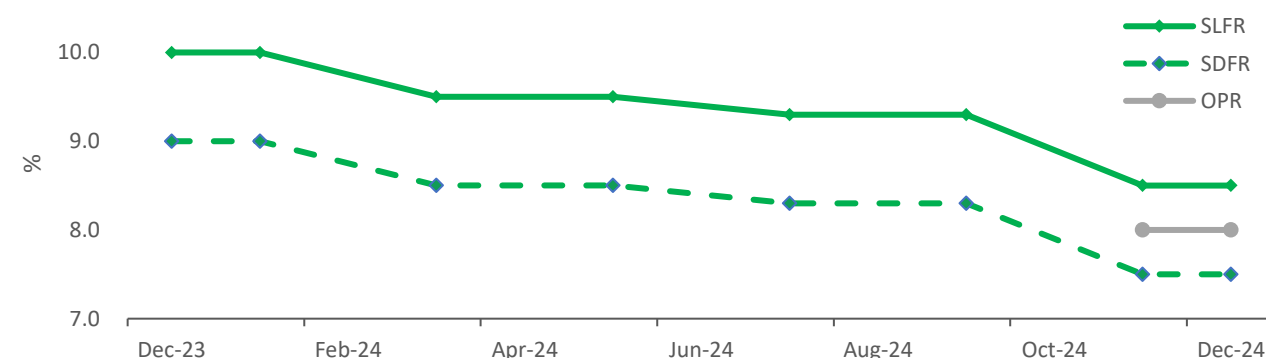
We are pleased to present the Annual report of the Senfin Shariah Income Fund for the year ending 31st December 2024 (FY 2024).

In 2024, Sri Lanka's economy exhibited a significant recovery, achieving a real GDP growth rate of 5.0%, a notable improvement from the -2.3% contraction in 2023. This growth was primarily driven by expansions in the industrial and services sectors, which grew by 11.0% and 2.4% respectively, while the agriculture sector experienced a modest growth of 1.2%. The fourth quarter of 2024 saw a GDP growth of 5.4%, further underscoring the positive economic trajectory.

Throughout 2024, the Central Bank of Sri Lanka (CBSL) implemented a series of monetary policy adjustments to stabilize inflation and support economic growth. In March 2024, the CBSL reduced the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) by 50 basis points to 8.50% and 9.50%, respectively. Further easing occurred in July 2024, with a 25 basis point reduction, bringing the SDFR to 8.25% and the SLFR to 9.25%. In November 2024, the CBSL introduced a single policy rate, setting the Overnight Policy Rate (OPR) at 8.00% with implied Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR) tied to the OPR with a margin of ± 50 basis points, effectively simplifying the monetary policy framework. Consequently, the SDFR stood at 7.5% as at 31 Dec 2024 vs 9.0% as at 31 Dec 2023 and the SLFR stood at 8.5% vs 10.0% as at 31 Dec 2023.

Additionally, the Statutory Reserve Ratio (SRR) was maintained at 2.0% throughout 2024, following its reduction in the latter half of 2023, ensuring sufficient liquidity in the banking system to support lending and investment activities.

Movement in Policy Rates

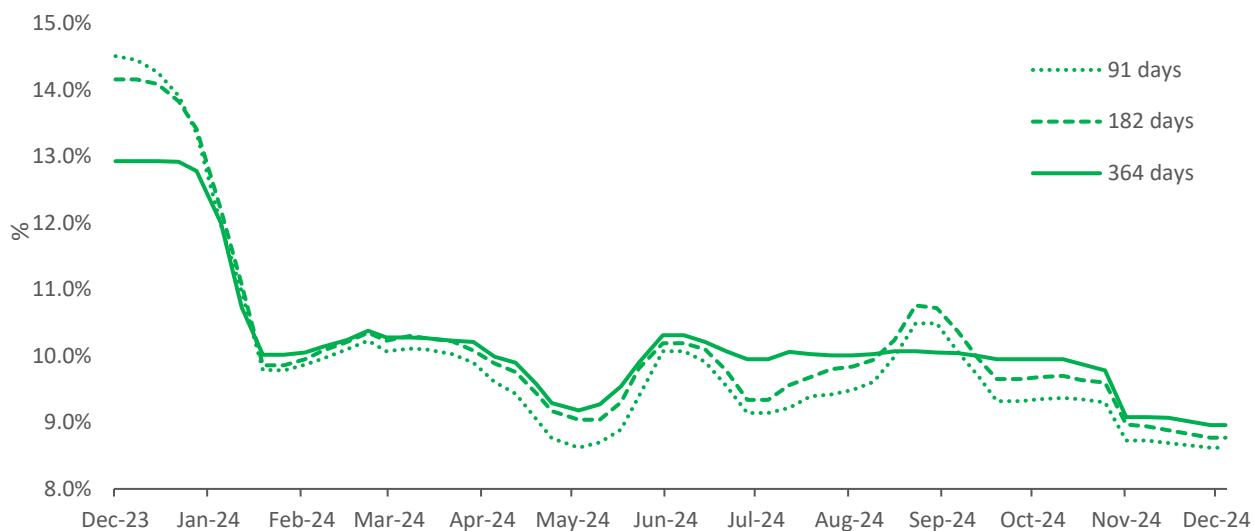


Source: Central Bank of Sri Lanka

The period under review saw Treasury bill yields gradually easing. The benchmark 03, 06 and 12-month yields decreased from 14.51%, 14.16% and 12.93% respectively as at the end of Dec 2023 to 8.62%, 8.77% and 8.96% respectively as at the end of Dec 2024. During this period, the yield curve witnessed a correction and switched to a more upward sloping yield curve with the 3M and 6M yields dropping below 12M yield. Similarly, Treasury Bond yields too witnessed a gradual declining trend.

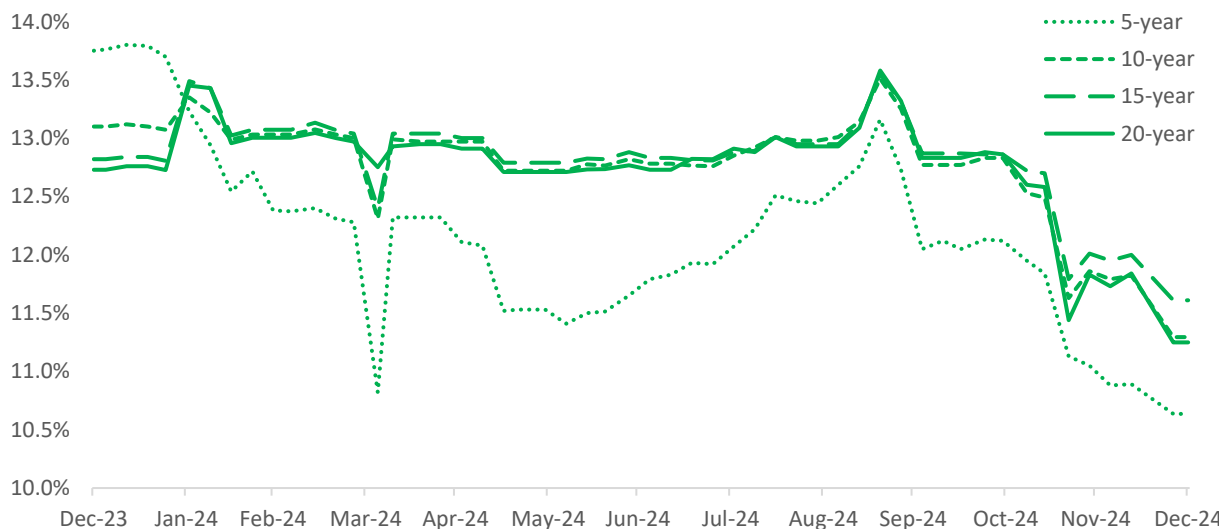
During the year, Sri Lanka's Long-Term Foreign-Currency Issuer Default Rating received a notable upgrade, moving from Restricted Default (RD) to CCC+ by Fitch and upgraded from "Ca" to "Caa1" by Moody's. This further reduced risk premiums attached to fixed income yields.

Treasury Bill Rate Movement



Source: Central Bank of Sri Lanka

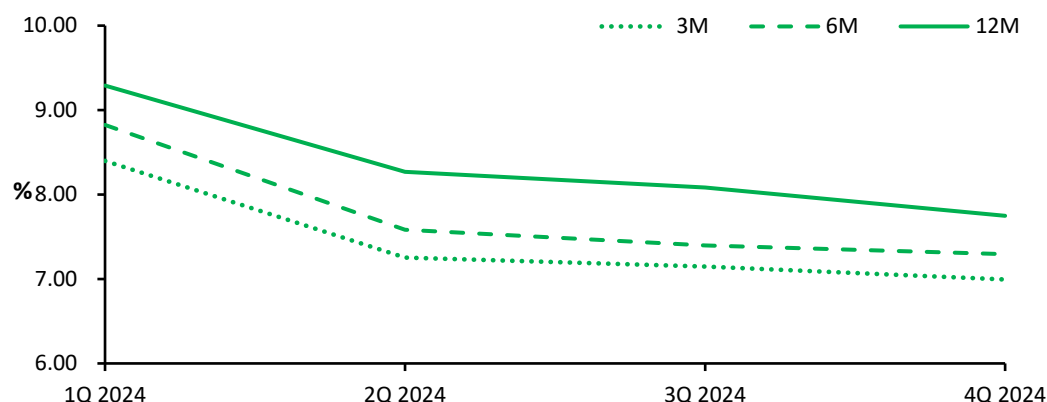
Treasury Bond Rate Movement – Secondary Market



Source: Central Bank of Sri Lanka

On the Shariah front, Mudarabah and Wakala profit rates have declined in line with conventional rate drop witnessed during past few months and remained at low levels during FY2024. Shariah rates are anticipated to remain low in the short term.

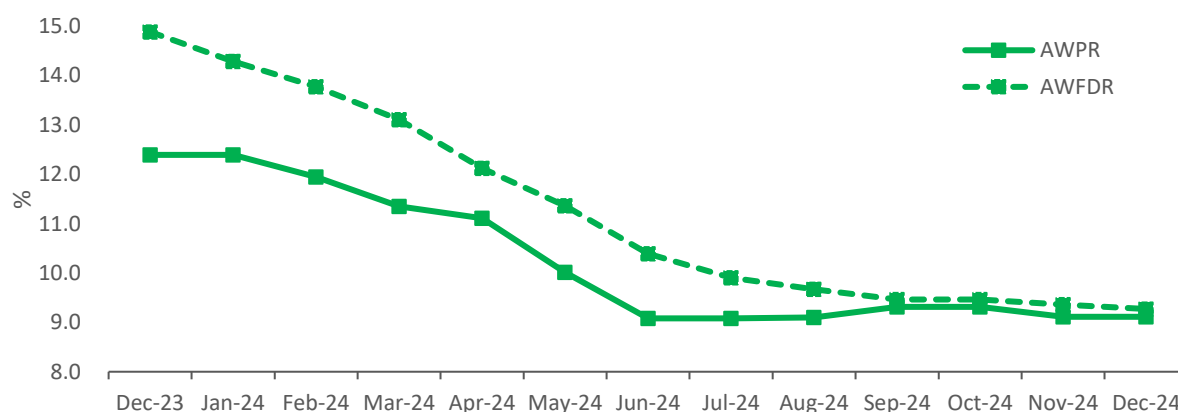
Average Return on Mudarabah Term Deposits by each Quarter - 2024



Source: Senfin Asset Management (Pvt) Ltd

In line with the Monetary Policy changes by CBSL, all deposit and lending rates witnessed a gradual decreasing trend, with Average Weighted Prime Lending Rate (AWPR) decreased to 9.1% and Average Fixed Deposit Rate (AWFDR) decreased to 9.3% by the end of December 2024 vs. 12.4% and 14.9% respectively by the end of December 2023.

Movement of AWFDR and AWPR of Commercial Banks (% p.a.) at month-end

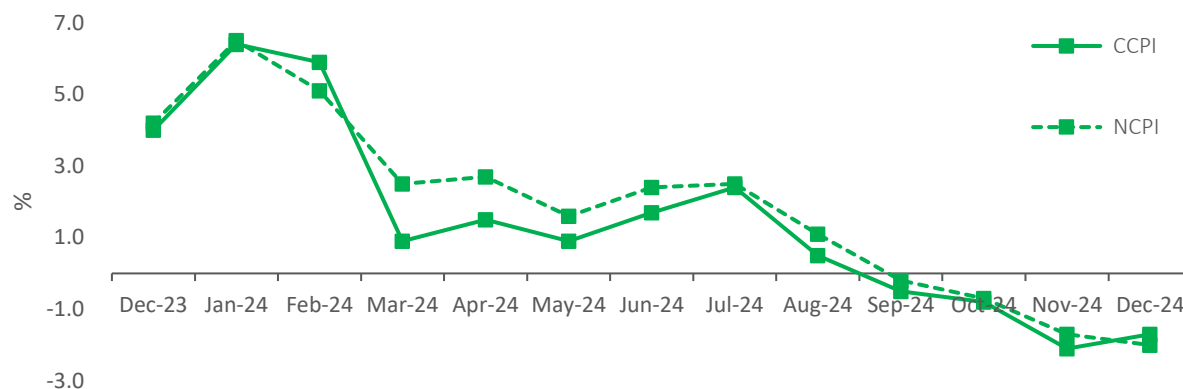


Source: Central Bank of Sri Lanka

Another key factor in this economic resurgence was the stabilization of inflation. After peaking in 2022, inflation measured by Colombo Consumer Price Index (CCPI) dropped significantly to 0.5% YoY by August 2024, creating a more favourable environment for economic activities. Subsequent to that, the

inflation was in the negative territory for the remained of the subject year and recorded -1.7% YoY by the end of December 2024. The reduction in inflation has been attributed to factors such as reductions in power tariffs, fuel prices, and an appreciating rupee.

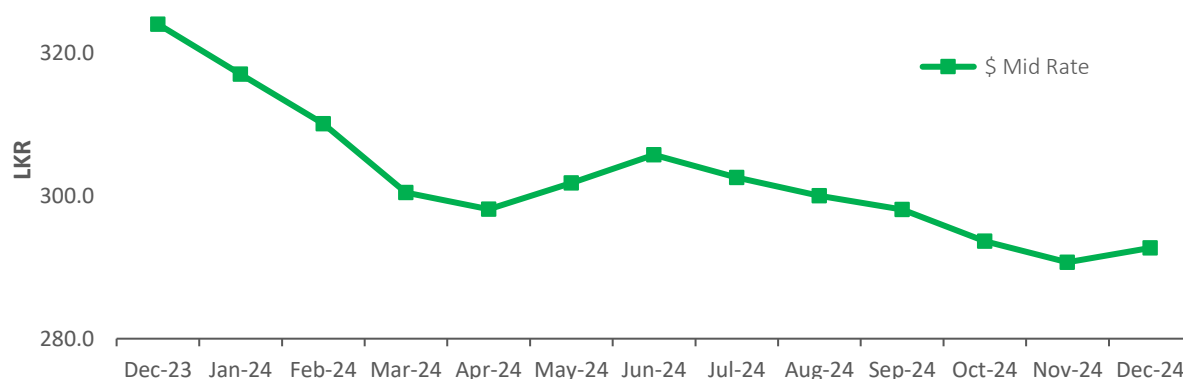
Movement in the CCPI and NCPI



Source: Department of Census & Statistics

Movement in the USD/LKR Rate

In 2024, Sri Lanka's Gross Official Reserves (GOR) experienced a significant increase, reaching approximately US\$6.1 billion by the end of December 2024 vs US\$ 4.4 billion by the end of December 2023. Enhanced tourism earnings and increased worker remittances were key contributors for reserve accumulation. Consequently, the Sri Lankan rupee appreciated by 9.7% against the US dollar during the year up to December 31, 2024.



Source: Central Bank of Sri Lanka

Fund Performance

During the period under review, Senfin Shariah Income Fund posted an annualized return of 15.71%.

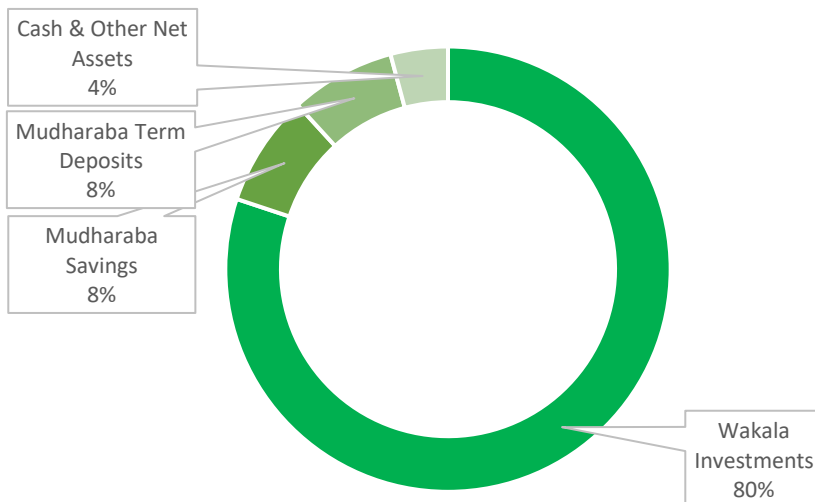
Fund Performance as at 31st Dec 2024

Period	Since Inception	1-Year	6-month	3-month
Fund Return	7.27%	8.40%	6.82%	6.41%

Source: Senfin Asset Management (Pvt) Ltd

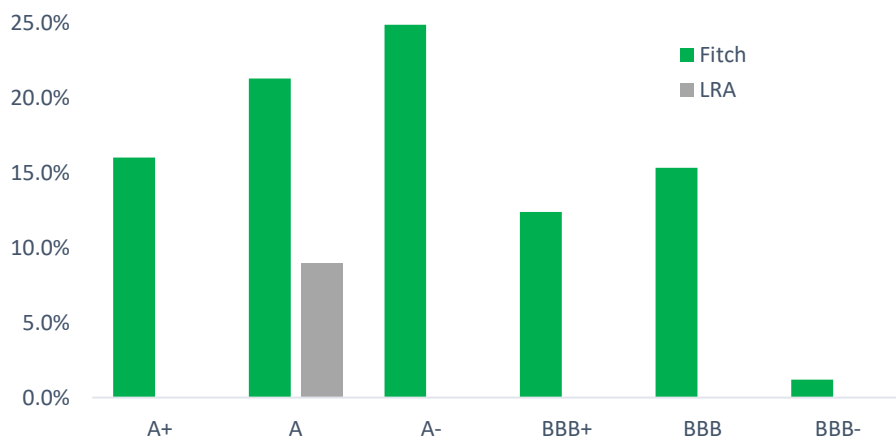
Note: Performance data is net of management fees and taxes. Returns are annualized.

Asset Allocation as a percentage of Net Asset Value as at 31st Dec 2024



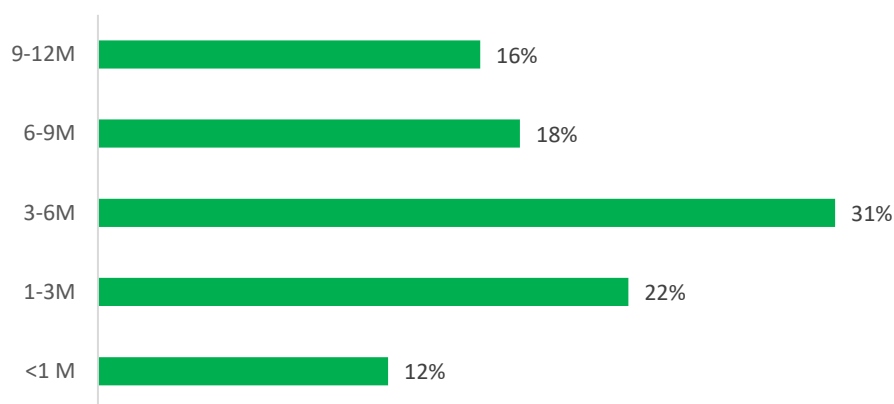
Source: Senfin Asset Management (Pvt) Ltd

Credit Profile of the Fund as at 31st Dec 2024



Source: Senfin Asset Management (Pvt) Ltd

Maturity Profile of the Fund as at 31st December 2024



Source: Senfin Asset Management (Pvt) Ltd

Sri Lanka's economy continues to exhibit signs of stabilization and recovery, building upon the progress made in 2024.

Inflation, which entered negative territory in late 2024, is expected to return to positive figures by mid-2025. The CBSL aims to maintain inflation around its target rate of 5% over the medium term.

The tourism sector has experienced a notable resurgence, contributing to foreign exchange earnings and supporting the appreciation of the Sri Lankan rupee against the US dollar. Remittances from overseas workers have also increased, further bolstering the country's external reserves.

The CBSL has maintained the Overnight Policy Rate (OPR) at 8.00% since its introduction in November 2024, aiming to support economic recovery while keeping inflation in check. In the short term, there is potential for market interest rates to decline further. However, in the latter half of 2025, marginal upward pressures on rates may emerge due to increasing private sector credit demand and increased government borrowing from local markets. The CBSL is expected to maintain policy rates at current levels in the near term but may consider monetary policy adjustments if significant changes in market interest rates occur.

Given the current macroeconomic and interest rate conditions, our commitment is to maximize returns for the fund by investing in high-quality asset classes based on their respective risk profiles in the Shariah Investment Universe. Further, our key priorities are to provide current income and liquidity to unit holders by investing in Shariah compliant income-based securities.

Investment Team



Kreston MNS & Co
Chartered Accountants
Level 1 & 2, Advantage Building
74A, Dharmapala Mawatha
Colombo 07

Tel: + 94 (0) 11 2323571-3
+ 94 (0) 11 2301396-7
Email: audit@kreston.lk
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INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF SENFIN SHARIAH INCOME FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of **SENFIN SHARIAH INCOME FUND** (the Fund) which comprise the Statement of Financial Position as at 31st December 2024 and the Statement of Comprehensive Income, Statement of Movement in unit holders Fund and Statement of Cash Flows for the year then ended 31st December 2024, and notes to the Financial Statements, including a summary of significant accounting policies exhibited on pages 3 to 19.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Fund as at 31st December 2024, and of its financial performance and its cash flows for the year then ended 31st December 2024 in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the ethical requirements of the Code of Ethics issued by Chartered Accountants of Sri Lanka that are relevant to our audit of the Financial Statements and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.



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Partners

S Rajanathan FCA, FCMA (UK) | N K Atukorala FCA, ACMA | Ms. H D S C A Tillekeratne FCA, ACCA (UK), ACMA | K I Skandadasan B.Sc. (Madras), FCA, ACMA | R L R Balasingham FCA, ACCA (UK), ACMA | N K G V Bandara B.Sc.(Acc) Sp. FCA, ACCA (UK), ACMA | Ms.S. Sawumiya BBA (Acc) Sp. FCA, ACCA (UK) | P. Dharshan ACA, ACCA (UK), | M.F.M. Mujahid BBA (Col), MBA (PIM-SJP), FCA, CISA, ACCA (UK)

Branches

Anuradhapura, Badulla, Batticaloa, Hatton, Jaffna, Kandy, Negombo, Nuwara Eliya, Trincomalee

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an Audit in accordance with Sri Lanka Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the Audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

The Financial Statements are prepared and presented in accordance with and comply with the requirements of the Unit Trust Deed and Collective Investment Scheme Code of 2022 set by Securities and Exchange Commission of Sri Lanka.

Kreston MNS & Co
CHARTERED ACCOUNTANTS
COLOMBO
3RD APRIL 2025
 ST/bn
 ST-Senfin Shariah Income Fund(2024)-C9



SENFIN SHARIAH INCOME FUND

STATEMENT OF FINANCIAL POSITION AS AT

		31.12.2024 Rs.	31.12.2023 Rs.
ASSETS	Note		
Cash & Cash Equivalents	4	13,519,860	13,719,225
Financial Assets at amortized cost			
- Mudharabah Term Deposits	5.1	11,586,030	6,459,085
- Wakala Investments	5.2	127,023,721	111,337,261
TOTAL ASSETS		152,129,611	131,515,571
UNIT HOLDERS' FUNDS & LIABILITIES			
LIABILITIES			
Accrued & Other Payables	6	481,582	1,071,901
Total Liabilities (Excluding net assets attributable to Unit Holders)		481,582	1,071,901
UNIT HOLDERS FUNDS			
Net Assets Attributable to Unit holders		151,648,029	130,443,670
		152,129,611	131,515,571

The Accounting Policies and the Notes on Pages 7 to 19 form an integral part of these Financial Statements.

The Fund Management Company and the Trustee are responsible for the preparation and presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards. These Financial Statements were approved by the Management Company, and adopted by the Trustee.


Director

Senfin Asset Management (Pvt) Ltd.
Fund Management Company


Director

Senfin Asset Management (Pvt) Ltd.
Fund Management Company


Trustee

Hatton National Bank PLC

3rd April 2025



SENFIN SHARIAH INCOME FUND

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED

		31.12.2024 Rs.	31.12.2023 Rs.
	Note		
Investment Income			
Finance Income	7	14,317,228	16,035,348
Total Investment Income		<u>14,317,228</u>	<u>16,035,348</u>
Less : Expenses			
Management Fees		997,096	586,644
Trustee Fees		266,731	172,985
Custody Fees		290,461	283,076
Audit Fees		259,664	164,891
Other Expenses		118,215	89,493
Withholding Tax		715,622	885,243
		<u>2,647,789</u>	<u>2,182,332</u>
Net Profit Before Tax	8	11,669,439	13,853,016
Less : Income Tax Expense	9	-	-
Net Profit after Tax for the year		<u>11,669,439</u>	<u>13,853,016</u>
Other Comprehensive Income		-	-
Total Comprehensive Income for the year		<u>11,669,439</u>	<u>13,853,016</u>
Increase / (Decrease) in Net Assets Attributable to Unit Holders		11,669,439	13,853,016

The Accounting Policies and the Notes on Pages 7 to 19 form an integral part of these Financial Statements.



SENFIN SHARIAH INCOME FUND

STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS

FOR THE YEAR ENDED

	31.12.2024 Rs.	31.12.2023 Rs.
Unit Holders Funds as at 01st January	130,443,670	52,478,360
Received on Creation of Units	30,886,167	67,522,500
Paid on Redemption of Units	(21,351,247)	(3,410,206)
Increase / (Decrease) in net assets attributable to Unit Holders during the year	11,669,439	13,853,016
Net Increase / (Decrease) due to Unitholders' Transactions	151,648,029	130,443,670
Income Distribution for the year	-	-
Unit Holders Funds as at 31st December	<u>151,648,029</u>	<u>130,443,670</u>

The Accounting Policies and the Notes on Pages 7 to 19 form an integral part of these Financial Statements.



SENFIN SHARIAH INCOME FUND

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED

	31.12.2024 Rs.	31.12.2023 Rs.
	Note	
Cash Flow from Operating Activities		
Finance Income received	12,101,768	10,271,929
Management, Trustee & Custodian Fees paid	(1,515,136)	(992,162)
Audit Fees paid	(204,696)	
Other expenses paid	(1,518,276)	(448,709)
Net Investment (in) / from Mudharabah Term Deposits	(5,000,000)	6,000,000
Net Investment in Wakala Investments	(13,597,945)	(70,528,736)
Net Cash Generated from / (used in) Operating Activities	<u>(9,734,284)</u>	<u>(55,697,678)</u>
Cash Flows from Financing Activities		
Cash received on Creation of Units	30,886,167	67,522,500
Cash paid on Redemption of Units	(21,351,247)	(3,410,206)
Net Cash Generated from Financing Activities	<u>9,534,919</u>	<u>64,112,294</u>
Net Increase in Cash & Cash Equivalents	<u>(199,365)</u>	<u>8,414,616</u>
Cash and Cash Equivalents at the beginning of the year	<u>13,719,225</u>	<u>5,304,609</u>
Cash and Cash Equivalents at the end of the year	4 <u>13,519,860</u>	<u>13,719,225</u>
Analysis of Cash and Cash Equivalents at the end of the year		
Cash & Bank Balances	<u>13,519,860</u>	<u>13,719,225</u>

The Accounting Policies and the Notes on Pages 7 to 19 form an integral part of these Financial Statements.



SENFIN SHARIAH INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS****NOTE 1 - CORPORATE INFORMATION****NOTE 1.1 - GENERAL INFORMATION**

Senfin Shariah Income Fund ("the Fund") is an open ended unit trust fund approved by the Securities and Exchange Commission of Sri Lanka. The fund was launched on 07 October 2014.

The fund is managed by Senfin Asset Management (Private) Limited which is incorporated and domiciled in Sri Lanka. The registered office of the management company is located at 267, Galle Road, Colombo 3. The trustee and custodian of the Fund is Hatton National Bank PLC (HNB) having its place of business at No 481, T. B. Jayah Mawatha, Colombo 10.

The investment objective of the fund is to achieve a regular stream of income by investing in a well-diversified portfolio of Shariah compliant income generating securities.

NOTE 1.2 - DATE OF AUTHORIZATION FOR ISSUE.

The financial statements of the fund for the year ended 31st December 2024 were authorized for issue by the fund management company and the trustee on 3rd April 2025.

NOTE 2 - PREPARATION OF FINANCIAL STATEMENTS**NOTE 2.1 - BASIS OF PREPARATION**

The financial statements are prepared and presented in accordance with and comply with the relevant Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka. The statement of financial position is presented on a liquidity basis. The financial statements have been prepared on the historical cost basis unless otherwise indicated. The financial statements are presented in Sri Lankan rupees (LKR).

NOTE 2.1.1 - STATEMENT OF COMPLIANCE

The financial statements which comprise the statement of financial position as at 31 December 2024, statement of profit or loss and other comprehensive income, statement of movements in unitholders' funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information have been prepared and presented in accordance with Sri Lanka Accounting Standards.

NOTE 2.2 - SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATED AND ASSUMPTIONS

The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires management to make judgements, estimates and assumptions that affects the application of policies and reported amounts of assets and liabilities, income and expenses.

In the selection and application of the fund's accounting policies, which are described below, the fund management company is required to make judgements and assumptions and use assumptions in measuring items reported in the financial statements. These estimates are based on management's knowledge of current facts and circumstances, and assumptions based on such knowledge and expectations of future events. Actual results may differ from such estimates.



SENFIN SHARIAH INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 2.2 - SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATED AND ASSUMPTIONS (CONTD.)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates were revised if the revision affects only that period or in the period of the revision and future periods as well, if the revision affects both the current and future periods.

Management considers credit, liquidity and market risk and assesses the impact on valuation of investments when determining the fair value. Fair value of the financial instruments are determined by observable market prices or rates.

NOTE 2.3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting policies set out below have been applied consistently to all periods presented in these financial statements.

NOTE 2.3.1 - FINANCIAL ASSETS

(i) Recognition and initial measurement

Shariah compliant debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the fund becomes a party to the contractual provisions of the instrument.

A financial asset is initially measured at amortised cost.

(ii) Classification

These financial assets are classified under financial assets at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the fund changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The fund's financial assets classified under amortised cost include Mudarabah term deposits, Wakala investments and cash and cash equivalents.



SENFIN SHARIAH INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 2.3.1 - FINANCIAL ASSETS (CONTD.)

(iii) *Subsequent measurement and gains and losses*

<i>Financial assets at amortised cost</i>	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
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NOTE 2.3.2 - FINANCIAL LIABILITIES - CLASSIFICATION, SUBSEQUENT MEASUREMENT AND GAINS AND LOSSES

Financial liabilities are classified as measured at amortised cost. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities measured at amortised cost include accrued expenses and other payables.

NOTE 2.3.3 - DERECOGNITION**NOTE 2.3.4 - FINANCIAL ASSETS**

The fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the fund neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The fund enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

NOTE 2.3.5 - FINANCIAL LIABILITIES

The fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or when expires. The fund also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

NOTE 2.3.6 - OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.



SENFIN SHARIAH INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 2.3.7 - IMPAIRMENT

The fund recognizes loss allowances for expected credit losses (ECLs) on financial assets measured at amortized cost.

The fund measures loss allowances at an amount equal to lifetime ECL, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the fund is exposed to credit risk.

Credit-impaired Financial Assets

At each reporting date, the fund assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data: –

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the company on terms that the company would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganization.

As of the date of the statement of financial position, the fund has not observed any of the above thus no impairment provision has been recognized in the financial statements.

Presentation of Allowance for ECL in the Statement of Financial Position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

NOTE 2.4 - RECOGNITION OF INCOME

Income is recognized to the extent that it is probable that the economic benefits will flow to the fund and the income can be reliably measured.

(i) Finance Income from Mudharabah Investments

Finance income from Mudharabah investments is recognize using anticipated profit sharing rate.

(ii) Finance Income from Wakala Investments

Finance income from Wakala investments are accrued using agreed profit sharing rate.

SENFIN SHARIAH INCOME FUND**NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****NOTE 2.5 - CASH AND CASH EQUIVALENTS**

Cash and cash equivalents in the statement of financial position comprise cash at bank and Mudharabah saving accounts.

The cash flow statement has been prepared using the direct method.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

NOTE 2.6 - INCOME TAX

The fund is not liable to pay income tax as at the reporting date in accordance with Inland Revenue Act No. 24 of 2017 as amended by the Inland Revenue (Amendment) Act No. 10 of 2021. The fund's income generated through investment business are treated as "pass through vehicles" under the provisions of Inland Revenue Act No. 24 of 2017 as amended by the Inland Revenue (Amendment) Act No. 10 of 2021.

NOTE 2.7 - EXPENSES

The management, trustee and custodian fees of the fund as per the trust deed is as follows,

Management fee	-	0.6% p.a of net asset value of the fund calculated on a daily basis
Trustee fee	-	0.15% p.a of net asset value of the fund calculated on a daily
Custodian fee	-	Flat fee of Rs.20,000 per month

NOTE 2.8 - UNITHOLDERS' FUNDS

Unitholders' funds has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities, other than those due to unit holders as at the reporting date.

NOTE 3 - FINANCIAL RISK MANAGEMENT

Risks arising from holding financial instruments are inherent in the fund's activities, and are managed through a process of ongoing identification, measurement and monitoring. The fund is exposed to credit risk, market risk, profit share rate risk and liquidity risk.

Financial instruments of the fund comprise investments in Mudharabah term deposits, Mudharabah saving deposits and Wakala agreements for the purpose of generating a return on the investment made by unit holders, in addition to cash at bank and other financial instruments such as receivables and payables, which arise directly from its operations.

The fund manager is responsible for identifying and controlling the risk that arise from these financial instruments. The fund manager agrees on policies for managing each of the risks identified below.



SENFIN SHARIAH INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 3 - FINANCIAL RISK MANAGEMENT (CONTD.)

The risks are measured using a method that reflects the expected impact on the statement of profit or loss and other comprehensive income and statement of financial position of the fund from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed below.

The fund manager also monitors information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits. These mandate limits reflect the investment strategy and market environment of the fund, as well as the level of risk that the fund is willing to accept, with additional emphasis on selected industries. This information is prepared and reported to relevant parties within the fund manager on a regular basis as deemed appropriate, including the fund manager, other key management, investment committee, and ultimately the trustee of the fund.

Concentration of risk arises when a number of financial instruments or contracts are entered in to with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions.

a) Credit Risk

Credit risk is the risk that the counterparty to the financial instruments will fail to discharge an obligation and cause the fund to incur a financial loss of finance income and/or principal.

The fund's exposure to credit risk from its financial assets arises from default of the counterparty, with the current exposure equal to the carrying amount of financial assets as at the reporting date. The fund is subject to credit risk on its mudharabah savings, mudharabah term deposits and wakala investment balances.

It is the fund's policy to enter into financial instruments with reputable counterparties which are approved by the Shariah Supervisory Board. This is categorized objectively by the criteria that the fund will invest only in companies carrying a good rating.



SENFIN SHARIAH INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 3 - FINANCIAL RISK MANAGEMENT (CONTD.)



a) Credit Risk (Contd.)

2024 Counterparty	Credit rating	Rating agency
LOLC Finance PLC	A	Lanka Rating
People's Leasing and Finance PLC	A(-)	Fitch Rating
Amana Bank PLC	BBB(-)	Fitch Rating
Hatton National Bank PLC	A	Fitch Rating
MCB Bank Limited	A+	ICRA Rating
Richard Pieris Finance Limited	A	Fitch Rating
National Development Bank PLC	A(-)	Fitch Rating
LB Finance PLC	BBB+	Fitch Rating
Vidulanka PLC	A+	Fitch Rating
Citizen Development Business Finance PLC	BBB	Fitch Rating

2023 Counterparty	Credit rating	Rating agency
LOLC Finance PLC	A	Lanka Rating
People's Leasing and Finance PLC	A(-)	Fitch Rating
Amana Bank PLC	BB+	Fitch Rating
Hatton National Bank PLC	A	Fitch Rating
MCB Bank Limited	A+	ICRA Rating
Richard Pieris Finance Limited	A	Fitch Rating
National Development Bank PLC	A(-)	Fitch Rating
LB Finance PLC	BBB+	Fitch Rating
Vidulanka PLC	A+	Fitch Rating
Citizen Development Business Finance PLC	BBB	Fitch Rating

The fund is also subject to credit risk on its bank balance. The credit risk exposure on these instruments is managed by banking with financial institutions carrying a good credit rating.

SENFIN SHARIAH INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 3 - FINANCIAL RISK MANAGEMENT (CONTD.)



b) Market Risk

Market risk represents the risk that the value of the fund's investments portfolios will fluctuate as a result of changes in market prices. While market risk cannot be eliminated the fund manager will attempt to reduce this risk by diversifying the fund's investment portfolio in line with investment objectives of the fund.

c) Profit Share Rate Risk

Profit share rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market rates. However, due to the short-term nature of the instruments it is reasonably expected that the fluctuation in market rate will not materially impact the net assets value of the fund. The table below summarizes the fund's exposure to anticipated profit share rate risks.

31 December 2024	Floating profit share rate	Fixed profit share rate	Non- profit share rate bearing	Total
	Rs.	Rs.	Rs.	Rs.
<i>Financial Assets</i>				
Cash and Cash Equivalents	12,273,887	-	1,245,973	13,519,860
Financial Assets - Amortized Cost	11,586,030	127,023,721	-	138,609,751
Total Exposure	23,859,917	127,023,721	1,245,973	152,129,611

31 December 2023	Floating profit share rate	Fixed profit share rate	Non- profit share rate bearing	Total
	Rs.	Rs.	Rs.	Rs.
<i>Financial Assets</i>				
Cash and Cash Equivalents	11,728,660	-	1,990,565	13,719,225
Financial Assets - Amortized Cost	6,459,085	111,337,261	-	117,796,346
Total Exposure	18,187,745	111,337,261	1,990,565	131,515,571

SENFIN SHARIAH INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 3 - FINANCIAL RISK MANAGEMENT (CONTD.)

d) Liquidity Risk

Liquidity risk is the risk that the fund will encounter difficulty in raising fund's to meet its obligation to pay unitholders. Exposure to liquidity risk arises because of the possibility that the fund could be required to pay its liabilities or redeem its units earlier than expected. Units are redeemable at the unit holder's option based on the fund's net asset value per unit at the time of redemption.

The fund manages its obligation when required to do so and its overall liquidity risk by:

- investing primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash.
- investing within established limits to ensure there is no concentration of risk.
- maintaining sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests. The Code requires a minimum of 3% of the deposited property to be maintained in cash or near cash. (near cash means investments such as bank/call deposits, repurchase agreements with maturities of less than 3 months, commercial paper endorsed or guaranteed by a Licensed Commercial Bank or Licensed Specialized Bank with maturities of less than 3 months and government securities including government bonds with maturities of less than one year which can be readily convertible into cash.)
- requiring at least 14 days prior written notice for Unitholder redemption equal to or greater than 3% of the Net Asset Value of the fund.
- searching for new investors

The time frame for return of cash to investors is five business days in which time investments may be recalled for redemption payouts. In addition, as per the Code and the Trust Deed, if redemptions value is 3% or more of the net assets value of the fund, the unitholder is required to give a minimum of 14 days prior notice. Further, the fund is also permitted to borrow up to 15% of the deposited property for redemption payouts. No such borrowings have arisen during the year.

Other Financial liabilities have no contractual maturities. Due to the short term nature of these financial instruments, carrying value approximates fair value.



SENFIN SHARIAH INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 3 - FINANCIAL RISK MANAGEMENT (CONTD.)

d) Liquidity Risk (Contd.)

The table below pricises the fund's non derivative financial assets and liabilities with contractual maturities into relevant maturity groupings based on the remaining period at the end of the reporting period. The amount in the table are the contractual undiscounted cash flows.

31 December 2024	On demand	Less than 30 days	31 - 180 days	181 – 365 days	More than 365 days	Total
Financial Assets						
- Cash at Bank	19,252,440	-	-	-	-	19,252,440
- Debt Instruments at Amortized Cost						
Mudaraba Term	-	-	-	12,398,000	-	12,398,000
Wakala Agreements	-	10,679,262	58,341,311	56,919,349	-	125,939,922
	19,252,440	10,679,262	58,341,311	69,317,349	-	157,590,363
Financial Liabilities	-	148,858	332,724	-	-	481,582

31 December 2023	On demand	Less than 30 days	31 - 180 days	181 – 365 days	More than 365 days	Total
Financial Assets						
- Cash at Bank	14,157,266	-	-	-	-	14,157,266
- Debt Instruments at Amortized Cost						
Mudaraba Term	-	-	-	7,089,885	-	7,089,885
Wakala Agreements	-	9,600,000	73,181,672	34,810,877	-	117,592,549
	14,157,266	9,600,000	73,181,672	41,900,762	-	138,839,700
Financial Liabilities	-	809,707	262,194	-	-	1,071,901



SENFIN SHARIAH INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 3 - FINANCIAL RISK MANAGEMENT (CONTD.)

e) Capital Risk Management

The fund considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unit holders are classified as a liability.

Disclosures relevant to Unitholders' funds are as follows;

The movement in the Unitholders' funds as at 31 December 2024 and 31 December 2023.

I. In terms of value

	2024	2023
	Rs.	Rs.
Unitholders' funds as at 01 January	130,443,670	52,478,360
Creations during the year	30,886,167	67,522,500
Redemptions during the year	(21,351,247)	(3,410,206)
Increase in net assets attributable to unitholders during the year	11,669,439	13,853,016
Unitholders' funds as at 31 December	151,648,029	130,443,670

II. In terms of No. of units

	2024	2023
	8,018,565.9	3,734,485.3
Opening number of units as at 01 January	1,792,331.7	4,505,812.1
Unit creations during the year	(1,211,539.0)	(221,731.5)
Unit redemptions during the year		
Closing number of units as at 31 December	8,599,358.6	8,018,565.9

As stipulated in the Trust Deed, each unit represents a right to an individual share in the fund and does not extend to a right to the underlying assets of the fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the fund.



SENFIN SHARIAH INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

31.12.2024	31.12.2023
Rs.	Rs.

NOTE 4 - CASH & CASH EQUIVALENTS

Cash at Bank

Hatton National Bank PLC (A/c No. 003 010 527453)	1,245,973	1,990,565
Mudharabah Saving Accounts (Note 4.1)	12,273,887	11,728,660
	<u>13,519,860</u>	<u>13,719,225</u>

NOTE 4.1 - INVESTMENTS IN MUDHARABAH SAVINGS DEPOSITS

LOLC Finance PLC- Islamic Banking Unit	439,797	2,322,259
People's Leasing and Finance PLC - Islamic Banking Unit	8,740,981	3,936,977
Amana Bank PLC	1,686,290	1,633,744
Hatton National Bank PLC - Islamic Banking Unit	183,043	1,643,745
MCB Bank Limited	-	2,191,935
NDB Bank Limited	1,223,776	-
	<u>12,273,887</u>	<u>11,728,660</u>

NOTE 5 - FINANCIAL ASSETS - DEBT INSTRUMENTS AS AT AMORTIZED COST

NOTE 5.1 - INVESTMENTS IN MUDHARABAH TERM DEPOSITS

	31.12.2024 Rs.	Holdings as % of Net Asset Value	31.12.2023 Rs.	Holdings as % of Net Asset Value
Peoples Leasing & Finance PLC	11,586,030	8%	6,459,085	5%
	<u>11,586,030</u>	<u>8%</u>	<u>6,459,085</u>	<u>5%</u>

NOTE 5.2 - INVESTMENTS IN WAKALA INVESTMENTS

LOLC Finance PLC	12,480,386	8%	16,987,271	13%
National Development Bank PLC	14,481,351	10%	18,061,128	14%
LB Finance PLC	18,040,725	12%	18,309,294	14%
Richard Pieris Finance Ltd	19,107,986	13%	18,059,288	14%
Hatton National Bank PLC - Islamic Banking Unit	11,687,069	8%	6,059,967	5%
Vidullanka PLC	23,331,594	15%	11,684,369	9%
Citizen Development Business Finance PLC	22,348,071	15%	17,171,454	13%
Peoples Leasing and Finance PLC	5,546,539	4%	5,004,490	4%
	<u>127,023,721</u>	<u>84%</u>	<u>111,337,261</u>	<u>86%</u>

NOTE 6 - ACCRUED & OTHER PAYABLES

	31.12.2024 Rs.	31.12.2023 Rs.
Accrued Expenses		
Management Fee Payable	99,405	66,157
Trustee Fee Payable	24,851	19,508
Custodian Fees Payable	24,602	24,042
Audit and Tax Consultancy Fees Payable	219,966	164,998
Professional Fee Payable	112,757	97,196
Sundry Payable	-	700,000
	<u>481,582</u>	<u>1,071,901</u>



SENFIN SHARIAH INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 7 - INVESTMENT INCOME

	31.12.2024 Rs.	31.12.2023 Rs.
Mudharabah Savings Deposits	555,059	340,257
Mudharabah Term Deposits	741,937	1,735,488
Wakala Investments	13,020,232	13,959,603
	<u>14,317,228</u>	<u>16,035,348</u>

NOTE 8 - NET PROFIT / (LOSS) BEFORE TAXATION

Net Profit / (Loss) is arrived after charging all expenses including the following:-

Management Fees	997,096	586,644
Trustee Fees	266,731	172,985
Custodian Fees	290,461	283,076
Audit Fees	259,664	164,891
Other Expenses & Withholding Tax	<u>833,837</u>	<u>974,736</u>

NOTE 9 - INCOME TAX EXPENSES

Tax expense for the period

-	-
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As per the Inland Revenue Act No. 24 of 2017, the fund is deemed as conducting "Eligible Investment Business" and is treated as a tax pass through vehicle. Hence, no provision for the income tax was made in the financial statements.

A reconciliation between the tax expense and the product of taxable profit multiplied by the statutory tax rate is as follows:

	31.12.2024 Rs.	31.12.2023 Rs.
Net Profit before Tax	11,669,439	13,853,016
Aggregate Disallowable Expenses / Net Gains	-	-
Income Exempt from Tax	<u>(11,669,439)</u>	<u>(13,853,016)</u>
Aggregate allowable net (gains) / Losses	-	-
Statutory Income / (Loss)	-	-
Total statutory income	<u>-</u>	<u>-</u>

Income tax at the rate of 10%

Income tax expense reported in the Statement of Comprehensive Income

-	-
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NOTE 9.1 - INCOME TAX RECEIVABLE

Income Tax Receivable	129,217	129,217
Allowance for impairment provision for Income Tax Receivable	<u>(129,217)</u>	<u>(129,217)</u>
	<u>-</u>	<u>-</u>

The net income tax recoverable comprised of Withholding Tax (WHT) of Rs. 129,217/-. The Fund Manager intends to claim the WHT recoverable by means of a refund. Due to uncertainties in recoverability, an allowance for impairment is made against the income tax receivable balance amounting to Rs. 129,217/-.

SENFIN SHARIAH INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 10 - CAPITAL COMMITMENTS

There were no material Capital Commitments as at 31st December 2024.

NOTE 11 - EVENTS AFTER THE REPORTING DATE

There have been no significant events occurring after the reporting date that require adjustments to or disclosures in the financial statements.

NOTE 12 - CONTINGENCIES

There are no material contingencies existing as at the reporting date that require adjustments to or disclosures in the financial statements.

NOTE 13 - RECONCILIATION BETWEEN THE NET ASSET VALUE AS PER FINANCIAL STATEMENTS AND THE PUBLISHED NET ASSET VALUE

	2024 Rs.	2023 Rs.
Net Asset Value as per Financial Statements	151,648,028.04	130,443,670.00
Other Expense over / under provision	-	71.70
Published Net Asset Value	<u>151,648,028.04</u>	<u>130,443,741.70</u>
Number of units outstanding	8,599,358.6	8,018,565.9
Published Net Asset Value per Unit	<u>17.63</u>	<u>16.27</u>

NOTE 14 - UNITS IN ISSUE AND UNIT PRICE

Units in issue and deemed to be in issue as at 31st December 2024 is 8,599,358.60 The Net Asset Value per unit as at this date was Rs. 17.63 (2023 - 16.27).



SENFIN SHARIAH INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 15 - RELATED PARTY TRANSACTIONS

The following institutions have been identified as related parties to the Fund in accordance with Sri Lanka Accounting Standards LKAS 24 - Related Party Disclosures.

NOTE 15.1 - RESPONSIBLE ENTITY

The management Company of SENFIN SHARIAH INCOME FUND is Senfin Asset Management (Private) Limited.

The Trustee is Hatton National Bank PLC

NOTE 15.2 - KEY MANAGEMENT PERSONNEL

i) Directors

Key management personnel includes persons who were Directors of Senfin Asset Management (Private) Limited at any time during the financial period.

Dr. Prathap Ramanujam

Mr. Sanath Bandaranayake

Mr. Sonal Balasuriya

Mr. Keshav Balasuriya (Up to October 2024)

Mr. Jeevan Sukumaran (From October 2024)

Mr. Tilak Collure

ii) Other Key Management Personnel

Other persons with responsibility for planning, directing and controlling the activities of the fund, directly or indirectly during the financial period are given below:

Mr. Murugiah Rajendran - Head of Compliance

Mr. Nilanka Gamaethige - Head of Client Services & Marketing

Mr. Surath Perera - Chief Investment Officer

Mr. Rajitha Elapatha - Senior Fund Manager



NOTE 15.3 - KEY MANAGEMENT PERSONNEL COMPENSATION

There were no payments made to the directors of Senfin Asset Management (Private) Limited during the year by the fund.

Other Key management personnel are paid by Senfin Asset Management (Private) Limited. Payments made from the Fund to Senfin Asset Management (Private) Limited do not include any amounts directly attributable to the compensation of key management personnel.

NOTE 15.4 - OTHER TRANSACTIONS WITHIN THE FUND

Apart from those details disclosed in Note 15.5 and 16, key management personnel have not entered in to any other transactions involving the fund during the financial year.

NOTE 15.5 - RELATED PARTY UNIT HOLDING

	Relationship	No. of Units	Value of units held Rs.	Total interest held as a % of NAV
As at 31st December 2024				
Unit holders				
Senfin Asset Management (Pvt) Ltd	Management Company	566,977	9,998,526	7%

SENFIN SHARIAH INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 16 - RELATED PARTY TRANSACTIONS (CONTD.)

Transactions with and amounts due to related parties

The fees were charged by the Management Company and trustee for services provided during the year and the balances outstanding from such dues as at year end are as disclosed below:

	Payable as at 31.12.2024 Rs.	Payable as at 31.12.2023 Rs.
Management Fees	99,405	66,157
Trustee Fees	24,851	19,508
Custody Fee	24,602	24,042
	Charge for the year Rs.	Charge for the year Rs.
Management Fees	997,096	586,644
Trustee Fees	266,731	172,985
Custody Fees	290,461	283,086
	Income for the year Rs.	Income for the year Rs.
Mudharabah Savings Deposits	555,059	47,760
Mudharabah Term Deposits	741,937	937,808
income from Wakala Investments	13,020,232	925,315
	As at 31.12.2024 Rs.	As at 31.12.2023 Rs.
The Bank Balance held at HNB	1,245,973	1,990,565
Mudharabah Savings HNB PLC	183,043	1,643,745
Wakala Agreements HNB PLC	11,687,069	6,059,967



Declaration by Trustees and Management Company as per SEC Circular No: 02/2009 on Guidelines for Trustees and Managing Companies of Unit Trusts Funds.

Hatton National Bank PLC, the Trustee and Senfin Asset Management (Private) Limited, the Managers of the **Senfin Shariah Income Fund** hereby declare that

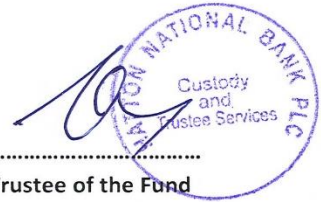
1. the requirements of the Guidelines for Trustees and Managing Companies of Unit Trust Funds set by the Securities and Exchange Commission of Sri Lanka have been complied with during the year.
2. the transactions were and will be carried out at an arm's length basis and on terms which are best available for the fund, as well as act, at all times, in the best interest of the fund's unit holders.



Director
Management Company



Director
Management Company



Trustee of the Fund

Management Company Information

Managing Company

Senfin Asset Management (Pvt) Ltd
267, Galle Road
Colombo 03. Sri Lanka
T: +94 11 2102000
F: +94 11 231 4831
Web: www.senfinassetmanagement.com

Bankers

Commercial Bank Of Ceylon PLC
Kollupitiya Branch
285, Galle Road,
Colombo- 03.

Hatton National Bank PLC
Head Office Branch, HNB Towers
No 479, T B Jayah Mawatha
P O Box 837
Colombo 10.

Nations Trusts Bank PLC
No 242, Union Place
Colombo 02.

Auditors

Ernst & Young
Chartered Accountants
Rotunda Towers, No.109, Galle Road
Colombo 3

Lawyers

Nithya Partners
Attorneys-at-Law
No. 97A, Galle Road
Colombo 03.

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Senfin Asset Management (Pvt) Ltd

(A fully owned subsidiary of Senkadagala Finance PLC)

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