



Senkadagala Finance PLC

**Interim Financial Statements for the period ended
30th June 2019**



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

Senkadagala Finance PLC

Managing Director/ CEO's Review

Dear Shareholder,

Macro economic developments coupled with the Easter Sunday attacks made the quarter ended 30th June 2019 extremely challenging for the Financial Services Sector. New business volumes drastically fell, leading to a drop in the loans and receivables portfolio and asset quality continued to deteriorate to levels that we have not experienced in the recent past. Exposures to customers in the tourism- and construction-related industries were the worst affected.

We were no exception. These developments had a significant impact on our performance during the period. We report a loss after tax for the period of Rs. 63.9 Mn. at the Company level and a lesser loss of Rs. 39.3 Mn at the Group level due to the positive contribution from the insurance subsidiary. A marginal growth in interest income did not translate into a growth in net interest income due to a disproportionately higher growth in interest expenses as a result of a growth in customer deposits and our strategic decision to maintain higher levels of liquidity for prudential reasons. Consequently, our net interest margin fell by 75 bps to 9.34% during the quarter compared to the corresponding quarter of the previous year.

However, the factors that most affected our performance during the quarter were the substantial increase in the impairment charges, increase in taxes on financial services and a reversal of deferred tax leading to a charge for taxation despite the loss before tax. Deteriorating asset quality and the new impairment methodology adopted under SLFRS 9, caused the impairment charge to rise to Rs. 303.7 Mn. for the quarter from Rs. 80.6 Mn. for the corresponding period in the previous year. Despite a 92% drop in the operating profit before taxes, taxes on financial services increased by 2.1% to Rs. 60.8 Mn. This caused the operating profit before taxes on financial services for the period of Rs. 21.9 Mn. and Rs. 56.2 Mn. for the Company and the Group respectively to turn into losses of Rs. 38.9 Mn. and Rs. 4.6 Mn. Further, a provision for taxation of Rs. 25.0 Mn had to be made on a loss before tax of Rs. 39.0 Mn. for the three months under review.

Our total assets contracted by 2.8%, primarily due to the loans and receivables portfolio contracting by 2.0% by the end of the quarter. This together with the deterioration in asset quality caused the gross non-performing accommodations ratio to rise to 6.17% as at 30th June 2019 compared to 3.21% as at 30th June 2018. The deposit base grew by a noteworthy 5.98% during the quarter, thereby reducing the need for other borrowings.

While the performance for the period under review is uncharacteristic of our ethos, we wish to inform our investors that we have taken the necessary measures to contain the impact of the deteriorating asset quality.



L. Balasuriya
Managing Director/ CEO

August 15, 2019

Income statement

<i>For the three month period ended 30th June</i>	Company			Group		
	2019	2018	Change	2019	2018	Change
	Rs.	Rs.	%	Rs.	Rs.	%
Interest income	1,735,883,014	1,689,109,764	2.8	1,736,039,588	1,689,392,511	2.8
Interest expense	(979,967,009)	(926,158,369)	5.8	(979,161,905)	(924,985,514)	5.9
Net interest income	755,916,005	762,951,395	(0.9)	756,877,683	764,406,997	(1.0)
Fee and commission income	21,172,238	24,935,896	(15.1)	57,405,023	51,994,770	10.4
Fee and commission expense	(9,148,256)	(3,007,327)	204.2	(9,148,256)	(3,007,327)	204.2
Net fee and commission income	12,023,982	21,928,569	(45.2)	48,256,767	48,987,443	(1.5)
Net gain from trading	-	1,368,327	(100.0)	-	1,368,327	(100.0)
Loss from financial instruments designated at fair value through profit or loss	(3,081,114)	(3,608,782)	(14.6)	(3,081,114)	(3,608,782)	(14.6)
Other operating income	16,213,852	20,839,551	(22.2)	16,138,852	20,764,073	(22.3)
Net other operating income	13,132,738	18,599,096	(29.4)	13,057,738	18,523,618	(29.5)
Total operating income	781,072,725	803,479,060	(2.8)	818,192,188	831,918,058	(1.6)
Impairment charges and other credit losses	(303,694,637)	(80,673,158)	276.5	(303,694,637)	(80,673,158)	276.5
Net operating income	477,378,088	722,805,902	(34.0)	514,497,551	751,244,900	(31.5)
Personnel expenses	(169,847,519)	(172,382,885)	(1.5)	(170,986,453)	(173,507,587)	(1.5)
Depreciation of property, plant and equipment	(85,238,132)	(76,368,880)	11.6	(85,537,941)	(76,679,312)	11.6
Amortisation of intangible assets	(3,195,743)	(3,189,860)	0.2	(3,195,743)	(3,189,860)	0.2
Other operating expenses	(197,240,095)	(192,720,017)	2.3	(198,603,092)	(193,821,477)	2.5
Operating profit before taxes on financial services	21,856,599	278,144,260	(92.1)	56,174,322	304,046,664	(81.5)
Taxes on financial services	(60,776,527)	(59,539,750)	2.1	(60,776,527)	(59,539,750)	2.1
Profit / (loss) before income tax	(38,919,928)	218,604,510	(117.8)	(4,602,205)	244,506,914	(101.9)
Income tax expense	(24,987,205)	(105,637,705)	(76.3)	(34,691,582)	(112,966,987)	(69.3)
Profit / (loss) for the period	(63,907,133)	112,966,805	(156.6)	(39,293,787)	131,539,927	(129.9)
Earnings per share - Basic/diluted	(0.88)	1.56	(156.6)	(0.54)	1.81	(129.9)

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit.

Statement of other comprehensive income

For the three month period ended 30th June	Company			Group		
	2019 Rs.	2018 Rs.	Change %	2019 Rs.	2018 Rs.	Change %
Profit / (loss) for the period	(63,907,133)	112,966,805	(156.6)	(39,293,787)	131,539,927	(129.9)
Other comprehensive income						
Items that are or may be reclassified to profit or loss						
Net change in fair value of available for sale financial assets	-	(323,580)	(100.0)	-	(323,580)	(100.0)
Total other comprehensive income	-	(323,580)	(100.0)	-	(323,580)	(100.0)
Total comprehensive income for the period net of tax	(63,907,133)	112,643,225	(156.7)	(39,293,787)	131,216,347	(129.9)

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit.

Statement of financial position

As at	Company			Group		
	30.06.2019 Rs.	31.03.2019 Rs.	30.06.2018 Rs.	30.06.2019 Rs.	31.03.2019 Rs.	30.06.2018 Rs.
Assets						
Cash and cash equivalents	639,182,535	720,853,597	832,849,412	665,026,040	724,775,309	832,991,152
Deposits with licensed commercial banks	-	1,350,947,501	1,320,987,957	-	1,350,947,501	1,320,987,957
Repurchase agreements	2,451,164,516	1,515,652,849	503,381,517	2,451,164,516	1,515,652,849	503,381,517
Financial assets held at fair value through profit or loss	166,980,975	167,900,307	81,848,376	166,980,975	167,900,307	81,848,376
Financial assets at amortised cost - Finance leases and hire purchases	25,497,445,018	25,916,966,738	24,935,546,700	25,497,445,018	25,916,966,738	24,935,546,700
Financial assets at amortised cost - Other loans and receivables	2,989,356,805	3,152,781,971	3,551,658,489	2,989,356,805	3,152,781,971	3,551,658,489
Financial assets measured at fair value through other comprehensive income / financial assets available for sale	14,597,603	14,597,603	112,683,078	14,597,603	14,597,603	112,683,078
Financial assets at amortised cost - Other financial instruments / held to maturity	1,061,124,108	1,044,295,261	980,696,235	1,061,124,108	1,044,295,261	980,696,235
Investments in subsidiaries	320,000,000	320,000,000	320,000,000	-	-	-
Investment property	375,030,895	375,880,895	378,430,895	277,410,383	278,260,383	280,810,383
Property, plant and equipment	1,891,110,695	1,911,818,746	1,479,804,208	1,894,832,940	1,915,840,801	1,484,716,401
Intangible assets	42,792,718	45,131,673	54,061,947	42,792,718	45,131,673	118,882,161
Other assets	313,355,765	246,236,128	690,736,641	314,105,460	225,721,761	691,587,951
Total assets	35,762,141,633	36,783,063,269	35,242,685,455	35,374,836,566	36,352,872,157	34,895,790,400
Liabilities						
Due to banks	7,072,085,687	7,698,196,509	5,375,986,748	7,086,067,821	7,698,196,509	5,361,429,766
Financial liabilities at amortised cost - due to depositors	10,607,275,774	10,008,976,046	9,801,190,347	10,566,689,589	9,957,561,479	9,758,467,148
Financial liabilities at amortised cost - other borrowings	9,033,991,695	9,564,781,494	8,923,764,147	9,033,991,695	9,564,781,494	8,923,764,147
Debt securities issued	2,646,038,093	2,732,047,895	3,028,405,007	2,646,038,093	2,732,047,895	3,028,405,007
Subordinated debentures	-	-	1,274,702,124	-	-	1,274,702,124
Deferred tax liabilities	376,690,250	461,314,121	827,665,562	376,530,995	461,173,423	827,576,480
Current tax payable	112,028,933	92,943,783	36,377,799	117,473,504	104,942,770	60,514,211
Amounts payable to related companies	282,310,989	282,396,920	291,688,799	-	-	-
Employee retirement benefits	95,987,688	88,572,900	84,746,675	96,891,918	89,419,248	85,412,415
Other liabilities	346,083,992	556,792,899	526,503,715	349,191,517	560,009,081	532,945,883
Total liabilities	30,572,493,101	31,486,022,567	30,171,030,923	30,272,875,132	31,168,131,899	29,853,217,181
Equity						
Stated capital	1,587,862,680	1,587,862,680	1,587,862,680	1,587,862,680	1,587,862,680	1,587,862,680
Statutory reserve fund	415,036,033	415,036,033	365,036,033	419,997,079	419,997,079	369,997,079
Available for sale reserve	-	-	6,847,893	-	-	6,847,893
Fair value reserve	3,893,597	3,893,597	-	3,893,597	3,893,597	-
Retained earnings	3,182,856,222	3,290,248,392	3,111,907,926	3,090,208,078	3,172,986,902	3,077,865,567
Total equity	5,189,648,532	5,297,040,702	5,071,654,532	5,101,961,434	5,184,740,258	5,042,573,219
Total liabilities and equity	35,762,141,633	36,783,063,269	35,242,685,455	35,374,836,566	36,352,872,157	34,895,790,400
Net assets per share	71.61	73.09	69.98	70.40	71.54	69.58

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 the 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
Chief Executive Officer/Managing Director

Colombo, Sri Lanka
August 15, 2019

Statement of changes in equity

	Stated capital	Statutory reserve fund	Available-for-sale reserve	Fair value reserve	Retained earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Company						
Balance as at 1st April 2018	1,587,862,680	365,036,033	7,171,473	-	3,071,416,182	5,031,486,368
Total comprehensive income for the period						
Profit for the period	-	-	-	-	112,966,805	112,966,805
Other comprehensive income, net of tax	-	-	(323,580)	-	-	(323,580)
Total comprehensive income for the period	-	-	(323,580)	-	112,966,805	112,643,225
<i>Transactions with equity holders recognised directly in equity</i>						
Dividends paid	-	-	-	-	(72,475,061)	(72,475,061)
Total contributions from and distribution to equity holders	-	-	-	-	(72,475,061)	(72,475,061)
Balance as at 30th June 2018	<u>1,587,862,680</u>	<u>365,036,033</u>	<u>6,847,893</u>	<u>-</u>	<u>3,111,907,926</u>	<u>5,071,654,532</u>
Balance as at 1st April 2019	1,587,862,680	415,036,033	-	3,893,597	3,290,248,392	5,297,040,702
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(63,907,133)	(63,907,133)
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(63,907,133)	(63,907,133)
<i>Transactions with equity holders recognised directly in equity</i>						
Dividends paid	-	-	-	-	(43,485,037)	(43,485,037)
Total contributions from and distribution to equity holders	-	-	-	-	(43,485,037)	(43,485,037)
Balance as at 30th June 2019	<u>1,587,862,680</u>	<u>415,036,033</u>	<u>-</u>	<u>3,893,597</u>	<u>3,182,856,222</u>	<u>5,189,648,532</u>
Group						
Balance as at 1st April 2018	1,587,862,680	369,997,079	7,171,473	-	3,018,800,701	4,983,831,933
Total comprehensive income for the period						
Profit for the period	-	-	-	-	131,539,927	131,539,927
Other comprehensive income, net of tax	-	-	(323,580)	-	-	(323,580)
Total comprehensive income for the period	-	-	(323,580)	-	131,539,927	131,216,347
<i>Transactions with equity holders recognised directly in equity</i>						
Dividends paid	-	-	-	-	(72,475,061)	(72,475,061)
Total contributions from and distribution to equity holders	-	-	-	-	(72,475,061)	(72,475,061)
Balance as at 30th June 2018	<u>1,587,862,680</u>	<u>369,997,079</u>	<u>6,847,893</u>	<u>-</u>	<u>3,077,865,567</u>	<u>5,042,573,219</u>
Balance as at 1st April 2019	1,587,862,680	419,997,079	-	3,893,597	3,172,986,902	5,184,740,258
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(39,293,787)	(39,293,787)
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(39,293,787)	(39,293,787)
<i>Transactions with equity holders recognised directly in equity</i>						
Dividends paid	-	-	-	-	(43,485,037)	(43,485,037)
Total contributions from and distribution to equity holders	-	-	-	-	(43,485,037)	(43,485,037)
Balance as at 30th June 2019	<u>1,587,862,680</u>	<u>419,997,079</u>	<u>-</u>	<u>3,893,597</u>	<u>3,090,208,078</u>	<u>5,101,961,434</u>

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit.

Statement of cash flows

For the period ended 30th June	Company		Group	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Cash flows from operating activities				
Interest and commission receipts	1,521,355,076	1,555,292,589	1,557,744,435	1,582,634,210
Interest payments	(1,084,219,751)	(1,027,771,613)	(1,083,414,647)	(1,026,598,758)
Recoveries of bad debts	11,175,575	8,020,406	11,175,575	8,020,406
Other operating income	7,053,515	9,848,899	6,978,515	9,773,421
Operating expenditure	(289,617,250)	(261,668,320)	(290,980,247)	(262,769,780)
Cash payments to employees	(160,380,614)	(165,039,424)	(161,461,666)	(166,128,080)
Operating cash flow before changes in operating assets and liabilities (Note A)	5,366,551	118,682,537	40,041,965	144,931,419
Changes in operating assets and liabilities				
Net funds recovered from/(advanced to) customers	526,146,350	(608,959,019)	526,146,350	(608,959,019)
Deposits from customers	598,299,728	294,056,557	609,128,110	293,011,816
Deposits with licensed commercial banks	1,351,023,248	(728,864,691)	1,351,023,248	(728,864,691)
Government and other securities	(952,340,514)	2,383,065,416	(952,340,514)	2,383,065,416
Other assets	(67,119,637)	(10,630,378)	(88,383,698)	(11,213,910)
Other liabilities	(215,997,686)	(22,909,401)	(221,910,588)	(25,973,569)
	1,240,011,489	1,305,758,484	1,223,662,908	1,301,066,043
Net cash flow from operating activities before taxation	1,245,378,040	1,424,441,021	1,263,704,873	1,445,997,462
Taxes paid	(85,521,910)	(30,803,451)	(95,909,084)	(38,959,133)
Gratuity paid	(2,052,117)	(3,706,050)	(2,052,117)	(3,706,050)
Net cash generated from operating activities	1,157,804,013	1,389,931,520	1,165,743,672	1,403,332,279
Cash flows from investing activities				
Net investment in trading securities	(2,161,782)	3,391,001	(2,161,782)	3,391,001
Dividends received on investments	1,630,405	560,410	1,630,405	560,410
Purchase of property, plant and equipment	(70,491,549)	(199,748,718)	(70,491,549)	(199,776,438)
Purchase of intangible assets	(856,788)	-	(856,788)	-
Proceeds from sale of property, plant and equipment	14,341,400	21,472,838	14,341,400	21,472,838
Net cash used in investing activities	(57,538,314)	(174,324,469)	(57,538,314)	(174,352,189)
Cash flows from financing activities				
Repayment of loans	(1,147,877,409)	(1,073,648,021)	(1,147,877,409)	(1,073,648,021)
Dividends paid	(43,286,205)	(72,143,675)	(43,286,205)	(72,143,675)
Net cash used in financing activities	(1,191,163,614)	(1,145,791,696)	(1,191,163,614)	(1,145,791,696)

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit.

Statement of cash flows (Continued)

<i>For the period ended 30th June</i>	Company		Group	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Net increase / (decrease) in cash and cash equivalents	(90,897,915)	69,815,355	(82,958,256)	83,188,394
Cash and cash equivalents at the beginning of the period	668,923,873	682,075,540	672,845,585	683,401,223
Cash and cash equivalents at the end of the period	578,025,958	751,890,895	589,887,329	766,589,617
Reconciliation of cash and cash equivalents				
Cash and cash equivalents	639,182,535	832,849,412	665,026,040	832,991,152
Bank overdrafts	(61,156,577)	(80,958,517)	(75,138,711)	(66,401,535)
	578,025,958	751,890,895	589,887,329	766,589,617
Note A				
Reconciliation of operating profit				
Profit / (loss) before income tax	(38,919,928)	218,604,510	(4,602,205)	244,506,914
Depreciation	88,433,875	79,558,740	88,733,684	79,869,172
Dividend receipts on investments	(1,630,405)	(560,410)	(1,630,405)	(560,410)
Profit on disposal of fixed assets	(7,529,932)	(10,430,282)	(7,529,932)	(10,430,282)
Provision for defined benefit plan	9,466,905	7,343,461	9,524,787	7,379,507
Impairment charge on financial assets	292,735,267	82,292,338	292,735,267	82,292,338
Loan losses and write offs	(317,427)	-	(317,427)	-
Loss on mark to market valuation of shares	3,081,114	3,608,782	3,081,114	3,608,782
Gain on sale of shares	-	(1,368,327)	-	(1,368,327)
Loss on foreign currency balances	-	40	-	40
Interest accrued on loans and advances	(235,700,176)	(158,753,071)	(235,700,176)	(158,753,071)
Accrued interest on borrowings	(18,242,940)	(4,824,694)	(18,242,940)	(4,824,694)
Accrued interest on debentures	(86,009,802)	(96,788,550)	(86,009,802)	(96,788,550)
	5,366,551	118,682,537	40,041,965	144,931,419

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit.

Segment report

As at 30th June	Leasing & Hire purchase		Pawning advances		Other Advances		Investments		Insurance Brokering		Unallocated		Total	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Revenue														
<i>External customers</i>														
Interest	1,457,714,769	1,366,016,062	67,839,661	51,752,275	108,035,821	177,014,302	102,449,337	94,609,872	-	-	-	-	1,736,039,588	1,689,392,511
Trading	-	-	-	-	-	-	(3,081,114)	(2,240,455)	-	-	10,026	23,764	(3,071,088)	(2,216,691)
Commissions	-	-	-	-	-	-	-	-	36,247,354	27,058,874	-	-	36,247,354	27,058,874
Rent	-	-	-	-	-	-	4,214,892	4,789,700	-	-	-	-	4,214,892	4,789,700
Dividends	-	-	-	-	-	-	1,630,405	560,410	-	-	-	-	1,630,405	560,410
Other income	10,783,179	7,929,406	-	-	-	-	7,529,932	10,430,282	-	-	13,128,087	21,966,407	31,441,198	40,326,095
Total revenue	1,468,497,948	1,373,945,468	67,839,661	51,752,275	108,035,821	177,014,302	112,743,452	108,149,809	36,247,354	27,058,874	13,138,113	21,990,171	1,806,502,349	1,759,910,899
Profit / (loss) before tax													(4,602,205)	244,506,914
Taxation													(34,691,582)	(112,966,987)
Profit / (loss) after tax													<u>(39,293,787)</u>	<u>131,539,927</u>
Segment Assets	25,497,445,018	24,935,546,700	1,173,809,647	1,053,381,016	1,815,547,158	2,498,277,473	5,905,180,998	4,814,273,701	30,315,448	5,905,241	952,538,297	1,588,406,269	35,374,836,566	34,895,790,400
Segment Liabilities	25,093,260,390	23,645,042,616	1,159,224,145	890,635,601	1,846,084,287	3,046,344,132	1,926,526,899	1,861,214,220	22,476,511	21,724,348	225,302,900	388,256,264	30,272,875,132	29,853,217,181
Information on Cash flows														
Operating activities	746,735,224	(75,362,810)	45,339,407	(2,403,231)	56,359,943	49,236,268	392,003,632	1,505,810,311	7,209,555	12,303,382	(81,904,089)	(86,251,641)	1,165,743,672	1,403,332,279
Investing activities	-	-	-	-	-	-	(531,377)	3,951,411	-	-	14,341,400	21,472,838	13,810,023	25,424,249
Capital expenditure	(51,513,766)	(142,758,953)	(2,357,668)	(6,030,731)	(3,702,754)	(14,302,934)	(11,860,917)	(27,562,286)	-	(27,720)	(1,913,232)	(9,093,814)	(71,348,337)	(199,776,438)
Financing activities	-	-	-	-	-	-	-	-	-	-	(1,191,163,614)	(1,145,791,696)	(1,191,163,614)	(1,145,791,696)
Net cash flow	695,221,458	(218,121,763)	42,981,739	(8,433,962)	52,657,189	34,933,334	379,611,338	1,482,199,436	7,209,555	12,275,662	(1,260,639,535)	(1,219,664,313)	(82,958,256)	83,188,394
Depreciation and amortisation	(75,844,191)	(65,257,043)	(3,471,217)	(2,756,728)	(5,451,599)	(6,538,064)	(850,000)	(850,000)	(299,809)	(310,432)	(2,816,868)	(4,156,905)	(88,733,684)	(79,869,172)

Selected Performance Indicators

As at 30th June

2019

2018

Regulatory Capital Adequacy

Core Capital, Rs. '000	5,230,056	5,024,315
Total Capital Base, Rs. '000	5,601,193	5,259,809
Core Capital Adequacy Ratio, as % of Risk Weighted Assets	14.60% *	16.41%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets	15.64% *	17.17%
Capital funds to Deposit Liabilities Ratio	52.81%	51.75%

** Computed as per Finance Companies (Capital Adequacy Requirements) Direction No. 03 of 2018*

Asset Quality (Quality of Loan Portfolio)

Gross Non-Performing Accommodations, Rs. '000	1,841,226	929,846
Gross Non-Performing Accommodations Ratio, %	6.17%	3.21%
Net Non-Performing Accommodations Ratio, %	2.76%	1.45%

Profitability

Interest Margin	9.34%	10.09%
Return on Assets (before Tax)	0.25%	3.37%
Return on Equity (after Tax)	-4.98%	9.58%

Regulatory Liquidity (Rs. '000)

Required minimum amount of Liquid Assets	1,433,482	1,529,669
Available amount of Liquid Assets	3,974,712	3,245,411
Required minimum amount of Government Securities	1,099,434	1,092,624
Available amount of Government Securities	3,326,084	1,298,740

Computed as per CBSL guidelines

Debt

Debt-to-Equity ratio (times)	3.61	3.65
Interest cover (times)	0.96	1.24

Memorandum information

Number of employees	806	759
Number of branches	59	55
Number of service centers	41	41

The above figures are provisional and subject to audit.

Notes to the Financial Statements

1 General

The financial statements of the Company and the Group are prepared on the basis of the accounting policies and methods of computation applied in the year ended March 31, 2019 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 and contingent liabilities during the period.
- 3 All known expenses have been provided for in these financial statements.
- 4 The Board of Directors has declared following Dividend payments;

Year	Dividend	Dividend per share Rs.	Total amount paid Rs.	Date of payment
2018/19	Third interim dividend	0.60	43,485,036.60	May 07, 2019
2018/19	Final dividend	0.35	25,366,271.35	August 09, 2019

5 Debenture Information

5.1 Debenture issue -November 2016

Utilisation of funds raised via capital market Debenture Issue as at August 12, 2019;

Objective Number	Objective as per Prospectus	Amount Allocated as per Prospectus	Proposed date of utilization as per prospectus	Amount allocated from proceeds in LKR (A)	% of total proceeds	Amount utilized in LKR (B)	% of utilization against allocation (B/A)	Clarification if not fully utilized including where the funds are invested
1	Leasing	LKR 2.7 Bn	Within 6 months from the date of allotment	LKR 2.7 Bn	90%	LKR 2.7 Bn	100%	N/A
2	Loans and advances	LKR 300 Mn	Within 6 months from the date of allotment	LKR 300 Mn	10%	LKR 300 Mn	100%	N/A

5.2 Information on listed debenture

Type of Debenture	Annual effective %	Current yield %	Yield to maturity %	Last traded Value Rs.	Highest traded Value Rs.	Lowest traded Value Rs.
3 year - 6 months gross T-bill rate + 1.50% payable Semi-annually	10.87%	Not traded	Not traded	Not traded	Not traded	Not traded
3 year - 13.25% payable Semi-annually	13.69%	13.01%	6.63%	100.00	100.00	100.00
4 year - 6 months gross T-bill rate + 1.75% payable Semi-annually	11.13%	Not traded	Not traded	Not traded	Not traded	Not traded
4 year - 13.75% payable Semi-annually	14.22%	13.71%	6.88%	100.00	100.00	100.00

5.3 Interest rate of comparable government securities

As at 30th June	2019	2018
6 month Treasury bill	8.49%	8.85%
3 year Treasury bond	9.50%	10.00%
4 year Treasury bond	9.80%	10.30%

Notes to the Financial Statements (Continued)

6 Share information

6.1 Directors' shareholdings

The number of shares held by the members of the Board of Directors and their close family members are as follows;

As at	30.06.2019
1. Dr. M. Balasuriya	4,172,046
2. Dr. A. Balasuriya & Mr. D. Balasuriya	2,086,023
3. Mr. L. Balasuriya & Mr. S. K. Balasuriya	2,086,023
4. Dr. A. Balasuriya & Mr. S. Balasuriya	2,086,022
5. Mr. L. Balasuriya & Ms. A. S. Balasuriya	2,086,022
6. Mrs. L. Fernando & Ms. S.A. Fernando	1,166,232
7. Mrs. L. Fernando & Mr. A. R. Fernando	1,166,231
8. Mrs. L. Fernando & Ms. A.L. Fernando	1,166,231
9. Mr. W. A. T. Fernando	Nil
10. Mr. S. D. Bandaranayake	Nil
11. Mr. D.T.P. Collure	Nil
12. Mr. W.M.R.S. Dias	Nil
13. Mr. S.R. Pushpakumara	Nil

6.2 Key Management Shareholdings

The number of shares held by the Key Management Personnel;

As at	30.06.2019
1. Mr. P.P.K. Ikiriwatte	16,977
2. Mr. J.K. Jayatilake	16,963

6.3 Stated Capital

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

As at	30.06.2019	31.03.2019
Ordinary shares	72,475,061	72,475,061

Notes to the Financial Statements (Continued)

6.4 The 20 largest shareholders of the Company as at June 30, 2019 were;

Shareholder	Number of Shares	%
1. E. W. Balasuriya & Co. (Pvt) Limited	40,774,460	56.26
2. Hallsville Trading Group Inc.	5,954,393	8.22
3. Dr. M. Balasuriya	4,172,046	5.76
4. Dr. (Mrs.) G. Madan Mohan	4,172,045	5.76
5. Mr. R. Balasuriya	4,172,045	5.76
6. Dr. A. Balasuriya & Mr. D. Balasuriya	2,086,023	2.88
7. Mr. L. Balasuriya & Mr. S. K. Balasuriya	2,086,023	2.88
8. Mr. L. Balasuriya & Ms. A. S. Balasuriya	2,086,022	2.88
9. Dr. A. Balasuriya & Mr. S. Balasuriya	2,086,022	2.88
10. Mrs. L. Fernando & Ms. S. A. Fernando	1,166,232	1.61
11. Mrs. L. Fernando & Mr. A. R. Fernando	1,166,231	1.61
12. Mrs. L. Fernando & Ms. A. L. Fernando	1,166,231	1.61
13. Mr. D. K. C. R. Fernando	673,348	0.93
14. Mrs. Chandra Fernando	172,888	0.24
15. Estate of the late Mr. D. G. K. Hewamallika	172,888	0.24
16. Mrs. S. Thaha	158,483	0.22
17. Mr. I. M. Thaha	144,073	0.20
18. Mr. M. M. Ariyaratne	31,653	0.04
19. Mr. P. P. K. Ikiriwatte	16,977	0.02
20. Mr. J. K. Jayatilake	16,963	0.02
	72,475,046	

6.5 The float adjusted market capitalisation and public holding

As at	30.06.2019	30.06.2018	Minimum Requirement
The float adjusted market capitalisation	1,393,011,618	1,393,011,618	Rs. 1 Bn
Public holding percentage	21.60%	21.60%	7.5%
No. of public shareholders	9	9	200

The float adjusted market capitalisation of the Company falls under Option 1 of Rule 7.13.1 (b) of the Listing Rules of the Colombo Stock Exchange. As at June 30, 2019 the Company was not in compliance with the minimum number of shareholders required therein.

6.6 Information on Ratios and Share Prices

As at	30.06.2019	30.06.2018
Dividend per share (Rs.)	0.60	1.00
Net Assets per share (Rs.)	71.61	69.98
Market Prices		
- Highest price	Not traded	Not traded
- Lowest price	Not traded	Not traded
- Last traded price	Not traded	Not traded

7 Events after the reporting period

There were no material events occurring after the reporting period that require adjustment or disclosure in the Financial Statements.

Fitch Ratings Lanka Limited re-affirmed the long-term rating of the Company at BBB+(lka) with a stable outlook..