



Senkadagala Finance PLC

**Interim Financial Statement for the period ended
30th September 2018**



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

Senkadagala Finance PLC

Income statement

For the three month period ended 30th September	Company			Group		
	2018	2017	Change	2018	2017	Change
	Rs.	Rs.	%	Rs.	Rs.	%
Interest income	1,708,854,652	1,577,099,131	8.4	1,709,297,759	1,577,632,266	8.3
Interest expense	(903,830,072)	(827,182,005)	9.3	(902,198,248)	(826,042,058)	9.2
Net interest income	805,024,580	749,917,126	7.3	807,099,511	751,590,208	7.4
Fee and commission income	27,242,256	28,763,770	(5.3)	63,016,490	63,283,074	(0.4)
Fee and commission expense	(2,962,947)	(3,857,476)	(23.2)	(2,962,947)	(3,857,476)	(23.2)
Net fee and commission income	24,279,309	24,906,294	(2.5)	60,053,543	59,425,598	1.1
Net gain from trading	724,270	1,305,600	(44.5)	724,270	1,305,600	(44.5)
Net loss from financial instruments designated at fair value through profit or loss	(7,228,353)	(4,173,889)	73.2	(7,228,353)	(4,173,889)	73.2
Other operating income	50,519,875	71,824,743	(29.7)	11,745,353	25,889,443	(54.6)
Total operating income	873,319,681	843,779,874	3.5	872,394,324	834,036,960	4.6
Impairment charge on individual impairment	(62,594,962)	(766,817)	8,063.0	(62,594,962)	(766,817)	8,063.0
Impairment charge on collective impairment	(25,276,954)	(15,426,045)	63.9	(25,276,954)	(15,426,045)	63.9
Other loan losses (charge) / reversal	(7,577,333)	15,460,015	(149.0)	(7,577,333)	15,460,015	(149.0)
Net operating income	777,870,432	843,047,027	(7.7)	776,945,075	833,304,113	(6.8)
Personnel expenses	(176,861,068)	(147,936,843)	19.6	(177,996,391)	(148,952,308)	19.5
Depreciation of property, plant and equipment	(78,905,419)	(72,105,494)	9.4	(79,205,005)	(73,156,218)	8.3
Amortization of intangible assets	(3,182,273)	(3,741,811)	(15.0)	(3,182,273)	(3,741,811)	(15.0)
Other expenses	(210,704,301)	(185,555,449)	13.6	(212,000,563)	(186,853,261)	13.5
Operating profit before value added tax on financial services	308,217,371	433,707,430	(28.9)	304,560,843	420,600,515	(27.6)
Value added tax on financial services	(49,234,898)	(61,819,172)	(20.4)	(49,234,898)	(61,819,172)	(20.4)
Profit before income tax	258,982,473	371,888,258	(30.4)	255,325,945	358,781,343	(28.8)
Income tax expense	47,764,813	(104,130,832)	(145.9)	31,571,653	(120,003,374)	(126.3)
Profit for the period	306,747,286	267,757,426	14.6	286,897,598	238,777,969	20.2
Earnings per share - Basic/diluted	4.23	3.90	8.6	3.96	3.48	13.9

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

Statement of other comprehensive income

<i>For the three month period ended 30th September</i>	Company			Group		
	2018	2017	Change	2018	2017	Change
	Rs.	Rs.	%	Rs.	Rs.	%
Profit for the period	306,747,286	267,757,426	14.6	286,897,598	238,777,969	20.2
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	(3,412,522)	(1,512,971)	125.6	(3,412,522)	(1,512,971)	125.6
Other comprehensive income for the period net of tax	(3,412,522)	(1,512,971)	125.6	(3,412,522)	(1,512,971)	125.6
Total comprehensive income for the period net of tax	303,334,764	266,244,455	13.9	283,485,076	237,264,998	19.5

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

Income statement

For the six month period ended 30th September	Company			Group		
	2018 Rs.	2017 Rs.	Change %	2018 Rs.	2017 Rs.	Change %
Interest income	3,397,964,416	3,069,205,023	10.7	3,398,690,270	3,070,248,275	10.7
Interest expense	(1,829,988,441)	(1,637,226,410)	11.8	(1,827,183,762)	(1,635,132,184)	11.7
Net interest income	1,567,975,975	1,431,978,613	9.5	1,571,506,508	1,435,116,091	9.5
Fee and commission income	52,178,152	59,022,941	(11.6)	115,011,260	127,242,648	(9.6)
Fee and commission expense	(5,970,274)	(7,435,041)	(19.7)	(5,970,274)	(7,435,041)	(19.7)
Net fee and commission income	46,207,878	51,587,900	(10.4)	109,040,986	119,807,607	(9.0)
Net gain from trading	2,092,597	1,305,600	60.3	2,092,597	1,305,600	60.3
Net (loss) / gain from financial instruments designated at fair value through profit or loss	(10,837,135)	4,356,089	(348.8)	(10,837,135)	4,356,089	(348.8)
Other operating income	71,359,426	87,133,519	(18.1)	32,509,426	44,871,119	(27.5)
Total operating income	1,676,798,741	1,576,361,721	6.4	1,704,312,382	1,605,456,506	6.2
Impairment charge on individual impairment	(99,307,980)	(6,519,565)	1,423.2	(99,307,980)	(6,519,565)	1,423.2
Impairment charge on collective impairment	(70,856,274)	(42,825,504)	65.5	(70,856,274)	(42,825,504)	65.5
Other loan losses (charge) / reversal	(5,958,153)	29,036,876	(120.5)	(5,958,153)	29,036,876	(120.5)
Net operating income	1,500,676,334	1,556,053,528	(3.6)	1,528,189,975	1,585,148,313	(3.6)
Personnel expenses	(349,243,953)	(295,166,951)	18.3	(351,503,978)	(297,200,203)	18.3
Depreciation of property, plant and equipment	(155,274,299)	(142,699,255)	8.8	(155,884,317)	(144,811,397)	7.6
Amortization of intangible assets	(6,372,133)	(7,483,622)	(14.9)	(6,372,133)	(7,483,622)	(14.9)
Other expenses	(411,322,448)	(402,364,810)	2.2	(413,720,169)	(404,718,805)	2.2
Operating profit before value added tax on financial services	578,463,501	708,338,890	(18.3)	600,709,378	730,934,286	(17.8)
Value added tax on financial services	(100,876,518)	(107,929,660)	(6.5)	(100,876,518)	(107,929,660)	(6.5)
Profit before income tax	477,586,983	600,409,230	(20.5)	499,832,860	623,004,626	(19.8)
Income tax expense	(57,872,892)	(182,599,593)	(68.3)	(81,395,334)	(207,280,607)	(60.7)
Profit for the period	419,714,091	417,809,637	0.5	418,437,526	415,724,019	0.7
Earnings per share - Basic/diluted	5.79	6.08	(4.8)	5.77	6.05	(4.6)

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

Statement of other comprehensive income

<i>For the six month period ended 30th September</i>	Company			Group		
	2018	2017	Change	2018	2017	Change
	Rs.	Rs.	%	Rs.	Rs.	%
Profit for the period	419,714,091	417,809,637	0.5	418,437,526	415,724,019	0.7
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	(3,736,102)	3,730,418	(200.2)	(3,736,102)	3,730,418	(200.2)
Reclassification adjustment for gain included in the income statement	-	(1,305,600)	(100.0)	-	(1,305,600)	(100.0)
Other comprehensive income for the period net of tax	(3,736,102)	2,424,818	(254.1)	(3,736,102)	2,424,818	(254.1)
Total comprehensive income for the period net of tax	415,977,989	420,234,455	(1.0)	414,701,424	418,148,837	(0.8)

Figures in brackets indicate deductions.

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Statement of financial position

As at	Company			Group		
	30.09.2018 Rs.	31.03.2018 Rs.	30.09.2017 Rs.	30.09.2018 Rs.	31.03.2018 Rs.	30.09.2017 Rs.
Assets						
Cash and cash equivalents	922,173,066	764,909,318	779,973,957	949,203,587	817,948,235	803,870,426
Deposits with licensed commercial banks	703,781,622	588,383,766	890,427,420	703,781,622	588,383,766	890,427,420
Repurchase agreements	752,028,431	2,899,624,179	1,406,608,592	752,028,431	2,899,624,179	1,406,608,592
Financial assets held at fair value through profit or loss	73,884,427	87,479,831	86,652,243	73,884,427	87,479,831	86,652,243
Finance leases	25,567,257,673	23,887,236,580	22,363,630,472	25,567,257,673	23,887,236,580	22,363,630,472
Hire purchases	85,522,334	162,468,190	339,311,945	85,522,334	162,468,190	339,311,945
Other loans and receivables	3,447,225,989	3,752,080,667	3,871,843,535	3,447,225,989	3,752,080,667	3,871,843,535
Financial assets available for sale	109,270,556	113,006,657	108,430,538	109,270,556	113,006,657	108,430,538
Financial assets held to maturity	1,004,535,317	967,518,989	934,071,748	1,004,535,317	967,518,989	934,071,748
Investments in subsidiaries	320,000,000	320,000,000	320,000,000	-	-	-
Investment property	377,580,895	379,280,895	78,721,895	279,960,383	281,660,383	271,603,952
Property, plant and equipment	1,516,695,030	1,366,616,928	1,404,151,232	1,521,307,635	1,371,811,835	1,409,473,357
Intangible assets	50,916,174	57,251,807	63,441,231	115,736,388	122,072,021	128,261,445
Current tax recoverable	-	77,799,351	27,826,628	-	47,706,913	10,613,321
Other assets	745,613,989	680,106,263	308,721,573	707,467,775	680,374,041	308,022,377
Total assets	35,676,485,503	36,103,763,421	32,983,813,009	35,317,182,117	35,779,372,287	32,932,821,371
Liabilities						
Due to banks	6,167,823,646	6,008,726,566	7,063,921,768	6,181,943,361	6,060,439,800	7,081,681,894
Deposits from customers	10,073,933,361	9,507,133,790	8,206,593,830	10,009,566,505	9,465,455,334	8,176,763,252
Other borrowings	8,057,348,839	9,367,632,765	7,439,090,139	8,057,348,839	9,367,632,765	7,439,090,139
Debt securities issued	3,129,772,316	3,127,018,895	3,075,449,959	3,129,772,316	3,127,018,895	3,075,449,959
Subordinated debentures	1,275,556,083	1,272,876,786	1,335,812,252	1,275,556,083	1,272,876,786	1,335,812,252
Deferred tax liabilities	673,247,415	860,680,871	700,708,939	673,147,759	860,605,400	704,183,317
Current tax liabilities	90,514,912	-	-	104,538,209	-	-
Amounts payable to related company	282,496,107	291,578,050	2,473,026	-	-	-
Other liabilities	525,571,568	555,520,066	522,508,928	533,317,004	559,772,416	529,501,668
Employee benefits	94,083,268	81,109,264	83,589,437	94,785,053	81,738,958	84,009,265
Total liabilities	30,370,347,515	31,072,277,053	28,430,148,278	30,059,975,129	30,795,540,354	28,426,491,746
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	365,036,033	365,036,033	310,036,033	369,997,079	369,997,079	310,190,064
Available for sale reserve	3,435,371	7,171,473	6,786,001	3,435,371	7,171,473	6,786,001
Retained earnings	3,349,803,904	3,071,416,182	2,648,980,017	3,295,911,858	3,018,800,701	2,601,490,880
Total equity	5,306,137,988	5,031,486,368	4,553,664,731	5,257,206,988	4,983,831,933	4,506,329,625
Total liabilities and equity	35,676,485,503	36,103,763,421	32,983,813,009	35,317,182,117	35,779,372,287	32,932,821,371
Net assets per share	73.21	69.42	62.83	72.54	68.77	62.18

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

Colombo, Sri Lanka
5th November 2018

Sgd.

L Balasuriya
Chief Executive Officer/Managing Director

Statement of changes in equity

	Stated capital	Statutory reserve fund	Available-for- sale reserve	Retained earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Company					
Balance as at 1st April 2017	1,008,062,200	310,036,033	4,361,183	2,339,158,221	3,661,617,637
Total comprehensive income for the period					
Profit for the period	-	-	-	417,809,637	417,809,637
Other comprehensive income, net of tax	-	-	2,424,818	-	2,424,818
Total comprehensive income for the period	-	-	2,424,818	417,809,637	420,234,455
<i>Transactions with equity holders recognized directly in equity</i>					
Rights issue of shares	579,800,480	-	-	-	579,800,480
Dividends paid	-	-	-	(107,987,841)	(107,987,841)
Balance as at 30th September 2017	<u>1,587,862,680</u>	<u>310,036,033</u>	<u>6,786,001</u>	<u>2,648,980,017</u>	<u>4,553,664,731</u>
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	-	-	-	419,714,091	419,714,091
Other comprehensive income, net of tax	-	-	(3,736,102)	-	(3,736,102)
Total comprehensive income for the period	-	-	(3,736,102)	419,714,091	415,977,989
<i>Transactions with equity holders recognized directly in equity</i>					
Dividends paid	-	-	-	(141,326,369)	(141,326,369)
Balance as at 30th September 2018	<u>1,587,862,680</u>	<u>365,036,033</u>	<u>3,435,371</u>	<u>3,349,803,904</u>	<u>5,306,137,988</u>
Group					
Balance as at 1st April 2017	1,008,062,200	310,190,064	4,361,183	2,293,754,702	3,616,368,149
Total comprehensive income for the period					
Profit for the period	-	-	-	415,724,019	415,724,019
Other comprehensive income, net of tax	-	-	2,424,818	-	2,424,818
Total comprehensive income for the period	-	-	2,424,818	415,724,019	418,148,837
<i>Transactions with equity holders recognized directly in equity</i>					
Rights issue of shares	579,800,480	-	-	-	579,800,480
Dividends paid	-	-	-	(107,987,841)	(107,987,841)
Balance as at 30th September 2017	<u>1,587,862,680</u>	<u>310,190,064</u>	<u>6,786,001</u>	<u>2,601,490,880</u>	<u>4,506,329,625</u>
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	-	-	-	418,437,526	418,437,526
Other comprehensive income, net of tax	-	-	(3,736,102)	-	(3,736,102)
Total comprehensive income for the period	-	-	(3,736,102)	418,437,526	414,701,424
<i>Transactions with equity holders recognized directly in equity</i>					
Dividends paid	-	-	-	(141,326,369)	(141,326,369)
Balance as at 30th September 2018	<u>1,587,862,680</u>	<u>369,997,079</u>	<u>3,435,371</u>	<u>3,295,911,858</u>	<u>5,257,206,988</u>

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

Statement of cash flows

For the period ended 30th September	Company		Group	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Cash flows from operating activities				
Interest and commission receipts	3,306,126,438	2,867,210,862	3,369,685,400	2,936,473,821
Interest payments	(1,844,643,313)	(1,612,522,580)	(1,841,838,634)	(1,610,428,354)
Recoveries of bad debts	17,538,253	28,671,903	17,538,253	28,671,903
Other operating income	16,987,586	7,838,181	16,837,586	11,925,781
Operating expenditure	(541,699,137)	(516,885,022)	(544,096,858)	(519,239,017)
Cash payments to employees	(332,433,586)	(288,973,802)	(334,621,520)	(290,936,182)
Operating cash flow before changes in operating assets and liabilities (Note A)	621,876,241	485,339,542	683,504,227	556,467,952
Changes in operating assets and liabilities				
Net funds advanced to customers	(1,324,335,192)	(2,606,005,373)	(1,324,335,192)	(2,606,005,373)
Deposits from customers	566,799,571	975,721,265	544,111,175	972,248,700
Deposits with licensed commercial banks	(115,397,856)	1,544,055,797	(115,397,856)	1,544,055,797
Government and other securities	2,110,579,420	(445,778,969)	2,110,579,420	(445,778,969)
Other assets	(65,507,726)	(130,206,050)	(27,093,734)	(131,533,043)
Other liabilities	(35,841,450)	(71,235,626)	(22,130,101)	(71,425,425)
	1,136,296,767	(733,448,956)	1,165,733,712	(738,438,313)
Net cash flow from operating activities before taxation	1,758,173,008	(248,109,414)	1,849,237,939	(181,970,361)
Taxes paid	(80,920,338)	(62,953,094)	(121,672,426)	(89,258,023)
Gratuity paid	(3,836,363)	(1,103,461)	(3,836,363)	(1,103,461)
Net cash generated from / (used in) operating activities	1,673,416,307	(312,165,969)	1,723,729,150	(272,331,845)
Cash flows from investing activities				
Net investment in trading securities	4,850,866	(2,263,604)	4,850,866	(2,263,604)
Net investment in financial assets available for sale	-	(25,000,000)	-	(25,000,000)
Dividends received on investments	40,362,296	48,598,587	1,662,296	2,248,587
Purchase of property, plant and equipment	(319,042,194)	(204,984,807)	(319,069,914)	(204,984,807)
Purchase of intangible assets	(36,500)	-	(36,500)	-
Proceeds from sale of property, plant and equipment	29,399,336	56,075,200	29,399,336	56,075,200
Net cash used in investing activities	(244,466,196)	(127,574,624)	(283,193,916)	(173,924,624)
Cash flows from financing activities				
Proceeds from rights issue	-	579,800,480	-	579,800,480
Securitized loans obtained	1,300,000,000	2,500,000,000	1,300,000,000	2,500,000,000
Repayment of loans	(2,506,319,850)	(1,820,196,461)	(2,506,319,850)	(1,820,196,461)
Redemption of debenture	-	(585,753,500)	-	(585,753,500)
Dividends paid	(140,587,107)	(107,504,450)	(140,587,107)	(107,504,450)
Net cash (used in) / generated from financing	(1,346,906,957)	566,346,069	(1,346,906,957)	566,346,069

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 September</i>	Company		Group	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Net increase in cash and cash equivalents	82,043,154	126,605,476	93,628,277	120,089,600
Cash and cash equivalents at the beginning of the period	682,075,540	433,920,646	683,401,223	446,572,865
Cash and cash equivalents at the end of the period	<u>764,118,694</u>	<u>560,526,122</u>	<u>777,029,500</u>	<u>566,662,465</u>
Reconciliation of cash and cash equivalents				
Cash and cash equivalents	922,173,066	779,973,957	949,203,587	803,870,426
Bank overdrafts	(158,054,372)	(219,447,835)	(172,174,087)	(237,207,961)
	<u>764,118,694</u>	<u>560,526,122</u>	<u>777,029,500</u>	<u>566,662,465</u>
Note A				
Reconciliation of operating profit				
Profit before income tax	477,586,983	600,409,230	499,832,860	623,004,626
Depreciation	161,646,432	150,182,877	162,256,450	152,295,019
Dividend receipts on investments	(40,362,296)	(48,598,587)	(1,662,296)	(2,248,587)
Profit on disposal of motor vehicles	(14,009,544)	(30,696,803)	(14,009,544)	(30,696,803)
Provision for defined benefit plan	16,810,367	6,193,149	16,882,458	6,264,021
Impairment charge on financial assets	170,164,254	49,345,069	170,164,254	49,345,069
Loan losses and write offs	(33,491)	479,516	(33,491)	479,516
Loss / (Gain) on mark to market valuation of shares	10,837,135	(4,356,089)	10,837,135	(4,356,089)
Gain on sale of shares	(2,092,597)	-	(2,092,597)	-
Gains from available for sale financial assets	-	(1,305,600)	-	(1,305,600)
Loss on foreign currency balances	-	52	-	52
Interest accrued on loans and advances	(144,016,130)	(261,017,102)	(144,016,130)	(261,017,102)
Accrued interest on borrowings	(20,087,590)	20,473,727	(20,087,590)	20,473,727
Accrued interest on debentures	5,432,718	4,230,103	5,432,718	4,230,103
	<u>621,876,241</u>	<u>485,339,542</u>	<u>683,504,227</u>	<u>556,467,952</u>

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

Segment report

As at 30th September	Leasing		Hire Purchases		Pawning advances		Other Advances		Investments		Insurance Brokering		Unallocated		Total	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Revenue																
<i>External customers</i>																
Interest	2,775,858,347	2,333,961,043	17,733,440	92,019,137	110,867,391	77,046,271	333,422,834	384,836,904	160,808,258	182,384,920	-	-	-	-	3,398,690,270	3,070,248,275
Trading	-	-	-	-	-	-	-	-	(8,744,538)	5,661,689	-	-	42,798	45,106	(8,701,740)	5,706,795
Commissions	-	-	-	-	-	-	-	-	-	-	62,871,933	68,227,196	-	-	62,871,933	68,227,196
Rent	-	-	-	-	-	-	-	-	10,045,401	9,947,600	-	-	-	-	10,045,401	9,947,600
Dividends	-	-	-	-	-	-	-	-	1,662,296	2,248,587	-	-	-	-	1,662,296	2,248,587
Other income	17,206,282	24,351,146	-	-	-	-	-	-	14,009,544	30,696,803	-	-	41,682,432	36,597,329	72,898,258	91,645,278
Total revenue	2,793,064,629	2,358,312,189	17,733,440	92,019,137	110,867,391	77,046,271	333,422,834	384,836,904	177,780,961	230,939,599	62,871,933	68,227,196	41,725,230	36,642,435	3,537,466,418	3,248,023,731
Profit before tax															499,832,860	623,004,626
Taxation															(81,395,334)	(207,280,607)
Profit after tax															418,437,526	415,724,019
Segment Assets	25,567,257,673	22,363,630,472	85,522,334	339,311,945	1,152,266,628	835,599,461	2,294,959,361	3,036,244,074	4,491,071,940	4,972,504,899	32,196,912	29,498,212	1,693,907,269	1,356,032,308	35,317,182,117	32,932,821,371
Segment Liabilities	24,134,480,470	21,061,405,188	153,232,173	821,796,342	957,989,606	688,077,999	2,881,060,034	3,436,867,266	1,536,180,397	2,062,454,874	22,428,231	21,453,809	374,604,218	334,436,268	30,059,975,129	28,426,491,746
Information on Cash flows																
Operating activities	(67,514,598)	(740,353,170)	102,689,120	123,434,815	(5,300,398)	(30,106,405)	130,223,424	(133,933,268)	1,712,534,045	651,919,437	47,658,164	33,652,298	(196,560,607)	(176,945,552)	1,723,729,150	(272,331,845)
Investing activities	-	-	-	-	-	-	-	-	6,513,162	(25,015,017)	-	-	29,399,336	56,075,200	35,912,498	31,060,183
Capital expenditure	(231,202,228)	(139,323,449)	(773,370)	(2,113,884)	(10,419,835)	(5,205,711)	(20,753,095)	(18,915,533)	(40,612,327)	(30,978,268)	(27,721)	-	(15,317,838)	(8,447,962)	(319,106,414)	(204,984,807)
Financing activities	-	-	-	-	-	-	-	-	-	-	-	-	(1,346,906,957)	566,346,069	(1,346,906,957)	566,346,069
Net cash flow	(298,716,826)	(879,676,619)	101,915,750	121,320,931	(15,720,233)	(35,312,116)	109,470,329	(152,848,801)	1,678,434,880	595,926,152	47,630,443	33,652,298	(1,529,386,066)	437,027,755	93,628,277	120,089,600
Depreciation and amortisation	(132,798,700)	(120,248,334)	(444,211)	(1,824,467)	(5,984,979)	(4,492,984)	(11,920,231)	(16,325,761)	(1,700,000)	-	(610,018)	(597,164)	(8,798,311)	(8,806,309)	(162,256,450)	(152,295,019)

Selected Performance Indicators

As at 30th September

2018

2017

Regulatory Capital Adequacy

Core Capital (Tier 1) Rs. '000	4,727,440 *	4,237,057
Total Capital Base (Tier 2) Rs. '000	5,117,934 *	4,721,879
Core Capital Adequacy Ratio, as % of Risk Weighted Assets	13.32% *	15.06%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets	14.42% *	16.78%
Capital funds to Deposit Liabilities Ratio	50.80%	57.54%

**Computed as per the Finance Business Act (Capital Adequacy Requirments) Direction No:03 of 2018*

Asset Quality (Quality of Loan Portfolio)

Gross Non-Performing Accommodations Rs. '000	1,080,020	554,683
Gross Non-Performing Accommodations Ratio, %	3.64%	2.05%
Net Non-Performing Accommodations Ratio, %	1.63%	0.62%

Profitability

Interest Margin	9.94%	10.83%
Return on Assets (before Tax)	3.37%	4.94%
Return on Equity (after Tax)	17.10%	21.34%

Regulatory Liquidity (Rs. '000)

Required minimum amount of Liquid Assets	1,547,099	1,561,476
Available amount of Liquid Assets	3,124,937	3,454,242
Required minimum amount of Government Securities	1,092,624	876,255
Available amount of Government Securities	1,567,689	2,118,033

Computed as per CBSL guidelines

Debt

Debt-to-Equity ratio (time)	3.48	4.11
Interest cover (time)	1.26	1.37

Memorandum information

Number of employees	780	716
Number of branches	55	49
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 are prepared on the basis of the accounting policies and methods of computation applied in the year ended March 31, 2018 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 Sri Lanka Accounting Standard – SLFRS 9 on “Financial Instruments”

The Sri Lanka Accounting Standard – SLFRS 9 on “Financial Instruments”, which replaces the existing guidance on LKAS 39 on “Financial Instruments: Recognition and Measurement” has become effective for annual reporting periods beginning on or after January 01, 2018. SLFRS 9 replaces the “Incurred Loss Model” in LKAS 39 with forward looking “Expected Loss Model” (ECL) which requires considerable judgement over how changes in economic factors affect ECL, which in turn is to be determined on a probability weighted basis. SLFRS 9 also contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed based on their cash flow characteristics.

Based on the “Statement of Alternative Treatment (SoAT) on the Figures in the Interim Financial Statements” issued by The Institute of Chartered Accountants of Sri Lanka, entities are granted with the option to prepare Interim Financial Statements continuing the application of LKAS 39 with disclosures on impact to the Income Statement, Statement of Profit or Loss and Other Comprehensive Income for the period if SLFRS 9 has been applied or if that determination is impracticable.

Accordingly, as permitted by the above SoAT, the Company has prepared the Interim Financial Statements for the quarter ended September 30, 2018 based on LKAS 39.

The Company has assessed the impact on transition based on gap analysis. Analysis for the quantification of the impact is underway for the financial years 2016/17 and 2017/18 with the assistance of external consultants.

- 3 There were no material changes in the composition of assets, liabilities and contingent liabilities during the period
- 4 All known expenses have been provided for in these financial statements.
- 5 The Board of Directors has declared following Dividend payments,

Year	Dividend	Dividend per share Rs.	Total amount paid Rs.	Date of payment
2017/18	Third interim	1.00	72,475,061.00	May 03, 2018
2017/18	Final dividend	0.95	68,851,307.95	July 10, 2018
2018/19	First interim	0.40	28,990,024.40	October 29, 2018

6 Debenture Information

6.1 Debenture issue -November 2016

Utilization of funds raised via capital market Debenture Issue as at November 02, 2018

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

Notes to the Financial Statements (Continued)

6.2 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.
2 year - 12.50 % payable Semi- Annually	12.89%	Not traded	Not traded	Not traded	Not traded	Not traded
3 year - 6 months gross T-bill rate + 1.50 % payable Semi-annually	9.56%	Not traded	Not traded	Not traded	Not traded	Not traded
3 year - 13.25 % payable Semi- Annually	13.69%	Not traded	Not traded	Not traded	Not traded	Not traded
4 year - 6 months gross T-bill rate + 1.75 % payable Semi-annually	9.79%	Not traded	Not traded	Not traded	Not traded	Not traded
4 year - 13.75 % payable Semi- Annually	14.22%	14.58%	7.32%	98.50	98.50	98.50
5 year - 15.00% payable quarterly	15.87%	Not traded	Not traded	Not traded	Not traded	Not traded

6.3 Interest rate of comparable government securities

As at	30.09.2018	30.09.2017
6 month Treasury bill	8.60%	9.05%
2 year Treasury bond	9.70%	9.30%
3 year Treasury bond	10.40%	9.60%
4 year Treasury bond	10.70%	9.85%
5 year Treasury bond	10.90%	9.95%

7 Share information

7.1 Directors' shareholdings

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

As at	30.09.2018
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. Dr. P. Ramanujam	Nil
11. Mr. S. D. Bandaranayake	Nil
12. Mr. D.T.P.Collure	Nil
13. Mr. W.M.R.S. Dias	Nil
14. Mr. Senanayake R. Pushpakumara	Nil

Notes to the Financial Statements (Continued)

7.2 Key Management Shareholdings

The number of shares held by the Key Management Personnel.

As at	30.09.2018
1. Mr. P.P.K. Ikiriwatta	16,977
2. Mr. J.K. Jayathilake	16,963

7.3 Stated Capital

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

As at	30.09.2018	31.03.2018
Ordinary shares	72,475,061	72,475,061

7.4 The 20 largest shareholders of the company as at September 30, 2018 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. Jayatileke	16,963	0.02
	72,475,046	

Notes to the Financial Statements (Continued)

7.5 The float adjusted market capitalization and public holding

As at	30.09.2018	30.09.2017	Minimum Requirement
The float adjusted market capitalization	1,393,011,618	1,393,011,618	Rs. 1 Bn
Public holding percentage	21.60%	21.60%	7.5%
No of public share holders	9	9	200

7.6 Rights issue - April 2017

Utilization of funds raised via the Rights Issue as at November 02, 2018

Objective No	Objective as per Circular	Amount Allocated as per Circular in LKR	Proposed date of utilization as per Circular	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	Maintain a higher capital adequacy	LKR 579,800,480	31st March 2017	LKR 579,800,480	100%	LKR 579,800,480	100%	N/A
2	Increase the loan book	LKR 579,800,480	One month from receipt (i.e. 24th May 2017)	LKR 579,800,480	100%	LKR 579,800,480	100%	N/A

7.7 Information on Ratios and Share Prices

As at	30.09.2018	30.09.2017
Dividend per share (Rs.)	1.95	1.55
Net Assets per share (Rs.)	73.21	62.83
Market Prices		
- Highest price	Not traded	Not traded
- Lowest price	Not traded	Not traded
- Last traded price	Not traded	Not traded

8 Events after the Reporting period

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

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