



Senkadagala Finance PLC

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



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

Senkadagala Finance PLC

Income statement

For the three month period ended 30th September	Company			Group		
	2019 Rs.	2018 Rs.	Change %	2019 Rs.	2018 Rs.	Change %
Interest income	1,692,111,987	1,708,854,652	(1.0)	1,692,304,971	1,709,297,759	(1.0)
Interest expense	(967,426,312)	(903,830,072)	7.0	(966,286,034)	(902,198,248)	7.1
Net interest income	724,685,675	805,024,580	(10.0)	726,018,937	807,099,511	(10.0)
Fee and commission income	13,355,262	27,242,256	(51.0)	44,640,872	63,016,490	(29.2)
Fee and commission expense	(4,043,301)	(2,962,947)	36.5	(4,043,301)	(2,962,947)	36.5
Net fee and commission income	9,311,961	24,279,309	(61.6)	40,597,571	60,053,543	(32.4)
Net gain/ (loss) from trading	(1,231,578)	724,270	(270.0)	(1,231,578)	724,270	(270.0)
Net gain / (loss) from financial instruments designated at fair value through profit or loss	12,379,365	(7,228,353)	271.3	12,379,365	(7,228,353)	271.3
Other operating income	54,388,988	50,519,875	7.7	15,613,988	11,745,353	32.9
Net other operating income	65,536,775	44,015,792	48.9	26,761,775	5,241,270	410.6
Total operating income	799,534,411	873,319,681	(8.4)	793,378,283	872,394,324	(9.1)
Impairment charges and other credit losses	(26,233,996)	(95,449,249)	(72.5)	(26,233,996)	(95,449,249)	(72.5)
Net operating income	773,300,415	777,870,432	(0.6)	767,144,287	776,945,075	(1.3)
Personnel expenses	(170,735,544)	(176,861,068)	(3.5)	(171,870,805)	(177,996,391)	(3.4)
Depreciation of property, plant and equipment	(134,011,691)	(78,905,419)	69.8	(134,311,500)	(79,205,005)	69.6
Amortisation of intangible assets	(3,210,591)	(3,182,273)	0.9	(3,210,591)	(3,182,273)	0.9
Other expenses	(137,648,163)	(203,174,258)	(32.3)	(139,189,860)	(204,470,519)	(31.9)
Operating profit before taxes on financial services	327,694,426	315,747,414	3.8	318,561,531	312,090,887	2.1
Taxes on financial services	(34,741,884)	(56,764,941)	(38.8)	(34,741,884)	(56,764,941)	(38.8)
Profit before income tax	292,952,542	258,982,473	13.1	283,819,647	255,325,946	11.2
Income tax (expense) / reversal	(121,824,816)	47,764,813	(355.1)	(136,480,395)	31,571,653	(532.3)
Profit for the period	171,127,726	306,747,286	(44.2)	147,339,252	286,897,599	(48.6)
Earnings per share	2.36	4.23	(44.2)	2.03	3.96	(48.6)

Figures in brackets in 2019, 2018 columns 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		
	2019	2018	Change	2019	2018	Change
	Rs.	Rs.	%	Rs.	Rs.	%
Profit for the period	171,127,726	306,747,286	(44.2)	147,339,252	286,897,599	(48.6)
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)	100.0	-	(3,412,522)	100.0
Total other comprehensive income	-	(3,412,522)	100.0	-	(3,412,522)	100.0
Total comprehensive income for the period net of tax	171,127,726	303,334,764	(43.6)	147,339,252	283,485,077	(48.0)

Figures in brackets in 2019, 2018 columns indicate deductions.

The above figures are provisional and subject to audit.

Income statement

For the six month period ended 30th September	Company			Group		
	2019 Rs.	2018 Rs.	Change %	2019 Rs.	2018 Rs.	Change %
Interest income	3,427,995,001	3,397,964,416	0.9	3,428,344,559	3,398,690,270	0.9
Interest expense	(1,947,393,321)	(1,829,988,441)	6.4	(1,945,447,939)	(1,827,183,762)	6.5
Net interest income	1,480,601,680	1,567,975,975	(5.6)	1,482,896,620	1,571,506,508	(5.6)
Fee and commission income	34,527,500	52,178,152	(33.8)	102,045,895	115,011,260	(11.3)
Fee and commission expense	(13,191,557)	(5,970,274)	121.0	(13,191,557)	(5,970,274)	121.0
Net fee and commission income	21,335,943	46,207,878	(53.8)	88,854,338	109,040,986	(18.5)
Net gain/ (loss) from trading	(1,231,578)	2,092,597	(158.9)	(1,231,578)	2,092,597	(158.9)
Net gain/(loss) from financial instruments designated at fair value through profit or loss	9,298,251	(10,837,135)	185.8	9,298,251	(10,837,135)	185.8
Other operating income	70,602,840	71,359,426	(1.1)	31,752,840	32,509,426	(2.3)
Net other operating income	78,669,513	62,614,888	25.6	39,819,513	23,764,888	67.6
Total operating income	1,580,607,136	1,676,798,741	(5.7)	1,611,570,471	1,704,312,382	(5.4)
Impairment charges and other credit losses	(329,928,633)	(176,122,407)	87.3	(329,928,633)	(176,122,407)	87.3
Net operating income	1,250,678,503	1,500,676,334	(16.7)	1,281,641,838	1,528,189,975	(16.1)
Personnel expenses	(340,583,063)	(349,243,953)	(2.5)	(342,857,258)	(351,503,978)	(2.5)
Depreciation of property, plant and equipment	(219,249,823)	(155,274,299)	41.2	(219,849,441)	(155,884,317)	41.0
Amortisation of intangible assets	(6,406,334)	(6,372,133)	0.5	(6,406,334)	(6,372,133)	0.5
Other operating expenses	(334,888,258)	(395,894,275)	(15.4)	(337,792,952)	(398,291,996)	(15.2)
Operating profit before taxes on financial services	349,551,025	593,891,674	(41.1)	374,735,853	616,137,551	(39.2)
Taxes on financial services	(95,518,411)	(116,304,691)	(17.9)	(95,518,411)	(116,304,691)	(17.9)
Profit before income tax	254,032,614	477,586,983	(46.8)	279,217,442	499,832,860	(44.1)
Income tax expense	(146,812,021)	(57,872,892)	153.7	(171,171,977)	(81,395,334)	110.3
Profit for the period	107,220,593	419,714,091	(74.5)	108,045,465	418,437,526	(74.2)
Earnings per share	1.48	5.79	(74.5)	1.49	5.77	(74.2)

Figures in brackets in 2019, 2018 columns indicate deductions.
The above figures are provisional and subject to audit.

Statement of other comprehensive income

For the six month period ended 30th September	Company			Group		
	2019 Rs.	2018 Rs.	Change %	2019 Rs.	2018 Rs.	Change %
Profit for the period	107,220,593	419,714,091	(74.5)	108,045,465	418,437,526	(74.2)
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	-	(3,736,102)	100.0	-	(3,736,102)	100.0
Total other comprehensive income	-	(3,736,102)	100.0	-	(3,736,102)	100.0
Total comprehensive income for the period net of tax	107,220,593	415,977,989	(74.2)	108,045,465	414,701,424	(73.9)

Figures in brackets in 2019, 2018 columns indicate deductions.
The above figures are provisional and subject to audit.

Statement of financial position

As at	Company			Group		
	30.09.2019 Rs.	31.03.2019 Rs.	30.09.2018 Rs.	30.09.2019 Rs.	31.03.2019 Rs.	30.09.2018
Assets						
Cash and cash equivalents	564,363,887	720,853,597	922,173,066	583,522,577	724,775,309	949,203,587
Deposits with licensed commercial banks	860,438,032	1,350,947,501	703,781,622	860,438,032	1,350,947,501	703,781,622
Repurchase agreements	2,113,211,941	1,515,652,849	752,028,431	2,113,211,941	1,515,652,849	752,028,431
Financial assets held at fair value through profit or loss	178,207,794	167,900,307	73,884,427	178,207,794	167,900,307	73,884,427
Financial assets at amortised cost - Finance leases and hire purchases	25,266,192,211	25,916,966,738	25,652,780,007	25,266,192,211	25,916,966,738	25,652,780,007
Financial assets at amortised cost - Other loans and receivables	2,910,100,856	3,152,781,971	3,447,225,989	2,910,100,856	3,152,781,971	3,447,225,989
Financial assets measured at fair value through other comprehensive income / financial assets available for sale	14,597,603	14,597,603	109,270,556	14,597,603	14,597,603	109,270,556
Financial assets at amortised cost - Other financial instruments / held to maturity	1,087,317,494	1,044,295,261	1,004,535,317	1,087,317,494	1,044,295,261	1,004,535,317
Investments in subsidiaries	320,000,000	320,000,000	320,000,000	-	-	-
Investment property	374,180,895	375,880,895	377,580,895	276,560,383	278,260,383	279,960,383
Property, plant and equipment	1,828,968,370	1,911,818,746	1,516,695,030	1,832,390,807	1,915,840,801	1,521,307,635
Intangible assets	39,582,127	45,131,673	50,916,174	39,582,127	45,131,673	115,736,388
Right-of-use assets	388,705,784	-	-	388,705,784	-	-
Other assets	306,317,727	246,236,128	745,613,989	268,119,195	225,721,761	707,467,775
Total assets	36,252,184,721	36,783,063,269	35,676,485,503	35,818,946,804	36,352,872,157	35,317,182,117
Liabilities						
Due to banks	5,519,284,268	7,698,196,509	6,167,823,646	5,519,284,268	7,698,196,509	6,181,943,361
Financial liabilities at amortised cost - due to depositors	11,239,688,119	10,008,976,046	10,073,933,361	11,187,983,995	9,957,561,479	10,009,566,505
Financial liabilities at amortised cost - other borrowings	8,000,631,494	9,564,781,494	8,057,348,839	8,000,631,494	9,564,781,494	8,057,348,839
Debt securities issued	2,736,967,740	2,732,047,895	3,129,772,316	2,736,967,740	2,732,047,895	3,129,772,316
Subordinated debentures	1,768,309,828	-	1,275,556,083	1,768,309,828	-	1,275,556,083
Lease liabilities	339,326,199	-	-	339,326,199	-	-
Deferred tax liabilities	352,702,821	461,314,121	673,247,415	352,524,720	461,173,423	673,147,759
Current tax payable	134,451,700	92,943,783	90,514,912	143,259,465	104,942,770	104,538,209
Amounts payable to related companies	282,247,412	282,396,920	282,496,107	-	-	-
Employee retirement benefits	103,331,020	88,572,900	94,083,268	477,711,928	89,419,248	94,785,053
Other liabilities	475,114,513	556,792,899	525,571,568	104,293,132	560,009,081	533,317,004
Total liabilities	30,952,055,114	31,486,022,567	30,370,347,515	30,630,292,769	31,168,131,899	30,059,975,129
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	-	-	3,435,371	-	-	3,435,371
Fair value reserve	3,893,597	3,893,597	-	3,893,597	3,893,597	-
Retained earnings	3,293,337,297	3,290,248,392	3,349,803,904	3,176,900,679	3,172,986,902	3,295,911,858
Total equity	5,300,129,607	5,297,040,702	5,306,137,988	5,188,654,035	5,184,740,258	5,257,206,988
Total liabilities and equity	36,252,184,721	36,783,063,269	35,676,485,503	35,818,946,804	36,352,872,157	35,317,182,117
Net assets per share	73.13	73.09	73.21	71.59	71.54	72.54

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 2019

Sgd.

L Balasuriya
Chief Executive Officer/Managing Director

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	-	-	-	-	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 recognised directly in equity</i>						
Dividends paid	-	-	-	-	(141,326,369)	(141,326,369)
Total contributions from and distribution to equity holders	-	-	-	-	(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>-</u>	<u>3,349,803,904</u>	<u>5,306,137,988</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
Adjustment on initial application of SLFRS 16						
Remeasurements of operating leases	-	-	-	-	(35,280,380)	(35,280,380)
Restated balance as at 1st April 2019	<u>1,587,862,680</u>	<u>415,036,033</u>	<u>-</u>	<u>3,893,597</u>	<u>3,254,968,012</u>	<u>5,261,760,322</u>
Total comprehensive income for the period						
Profit for the period	-	-	-	-	107,220,593	107,220,593
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	107,220,593	107,220,593
<i>Transactions with equity holders recognised directly in equity</i>						
Dividends paid	-	-	-	-	(68,851,308)	(68,851,308)
Total contributions from and distribution to equity holders	-	-	-	-	(68,851,308)	(68,851,308)
Balance as at 30th September 2019	<u>1,587,862,680</u>	<u>415,036,033</u>	<u>-</u>	<u>3,893,597</u>	<u>3,293,337,297</u>	<u>5,300,129,607</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	-	-	-	-	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 recognised directly in equity</i>						
Dividends paid	-	-	-	-	(141,326,369)	(141,326,369)
Total contributions from and distribution to equity holders	-	-	-	-	(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>-</u>	<u>3,295,911,858</u>	<u>5,257,206,988</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
Adjustment on initial application of SLFRS 16						
Remeasurements of operating leases	-	-	-	-	(35,280,380)	(35,280,380)
Restated balance as at 1st April 2019	<u>1,587,862,680</u>	<u>419,997,079</u>	<u>-</u>	<u>3,893,597</u>	<u>3,137,706,522</u>	<u>5,149,459,878</u>
Total comprehensive income for the period						
Profit for the period	-	-	-	-	108,045,465	108,045,465
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	108,045,465	108,045,465
<i>Transactions with equity holders recognised directly in equity</i>						
Dividends paid	-	-	-	-	(68,851,308)	(68,851,308)
Total contributions from and distribution to equity holders	-	-	-	-	(68,851,308)	(68,851,308)
Balance as at 30th September 2019	<u>1,587,862,680</u>	<u>419,997,079</u>	<u>-</u>	<u>3,893,597</u>	<u>3,176,900,679</u>	<u>5,188,654,035</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	
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
Cash flows from operating activities				
Interest and commission receipts	3,201,760,617	3,306,126,438	3,269,628,570	3,369,685,400
Interest payments	(1,961,387,504)	(1,844,643,313)	(1,959,442,122)	(1,841,838,634)
Recoveries of bad debts	21,735,098	17,538,253	21,735,098	17,538,253
Other operating income	15,622,315	16,987,586	15,472,315	16,837,586
Operating expenditure	(504,127,823)	(541,699,137)	(507,032,517)	(544,096,858)
Cash payments to employees	(321,649,252)	(332,433,586)	(323,807,683)	(334,621,520)
Operating cash flow before changes in operating assets and liabilities (Note A)	451,953,451	621,876,241	516,553,661	683,504,227
Changes in operating assets and liabilities				
Net funds received from / (advanced to) customers	863,076,267	(1,324,335,192)	863,076,267	(1,324,335,192)
Deposits from customers	1,230,712,073	566,799,571	1,230,422,515	544,111,175
Deposits with licensed commercial banks	490,509,469	(115,397,856)	490,509,469	(115,397,856)
Government and other securities	(640,581,325)	2,110,579,420	(640,581,325)	2,110,579,420
Other assets	(328,708,611)	(65,507,726)	(311,024,445)	(27,093,734)
Other liabilities	42,966,570	(35,841,450)	42,888,615	(22,130,101)
	1,657,974,443	1,136,296,767	1,675,291,096	1,165,733,712
Net cash flow from operating activities before taxation	2,109,927,894	1,758,173,008	2,191,844,757	1,849,237,939
Taxes paid	(204,407,056)	(80,920,338)	(232,386,941)	(121,672,426)
Gratuity paid	(4,175,691)	(3,836,363)	(4,175,691)	(3,836,363)
Net cash generated from operating activities	1,901,345,147	1,673,416,307	1,955,282,125	1,723,729,150
Cash flows from investing activities				
Net investment in trading securities	(2,240,814)	4,850,866	(2,240,814)	4,850,866
Dividends received on investments	41,257,778	40,362,296	2,557,778	1,662,296
Purchase of property, plant and equipment	(99,702,208)	(319,042,194)	(99,702,208)	(319,069,914)
Purchase of intangible assets	(856,788)	(36,500)	(856,788)	(36,500)
Proceeds from sale of property, plant and equipment	26,947,902	29,399,336	26,947,902	29,399,336
Net cash used in investing activities	(34,594,130)	(244,466,196)	(73,294,130)	(283,193,916)
Cash flows from financing activities				
Subordinated liabilities issued	1,750,000,000	-	1,750,000,000	-
Securitized loans obtained	-	1,300,000,000	-	1,300,000,000
Repayment of loans	(3,732,715,163)	(2,506,319,850)	(3,732,715,163)	(2,506,319,850)
Dividends paid	(67,409,467)	(140,587,107)	(67,409,467)	(140,587,107)
Net cash used in financing activities	(2,050,124,630)	(1,346,906,957)	(2,050,124,630)	(1,346,906,957)

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	
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
Net (decrease) / increase in cash and cash equivalents	(183,373,613)	82,043,154	(168,136,635)	93,628,277
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	<u>485,550,260</u>	<u>764,118,694</u>	<u>504,708,950</u>	<u>777,029,500</u>
Reconciliation of cash and cash equivalents				
Cash and cash equivalents	564,363,887	922,173,066	583,522,577	949,203,587
Bank overdrafts	(78,813,627)	(158,054,372)	(78,813,627)	(172,174,087)
	<u>485,550,260</u>	<u>764,118,694</u>	<u>504,708,950</u>	<u>777,029,500</u>
Note A				
Reconciliation of operating profit				
Profit before income tax	254,032,614	477,586,983	279,217,442	499,832,860
Depreciation	225,656,157	161,646,432	226,255,775	162,256,450
Dividend receipts on investments	(41,257,778)	(40,362,296)	(2,557,778)	(1,662,296)
Profit on disposal of property, plant and equipment	(13,722,747)	(14,009,544)	(13,722,747)	(14,009,544)
Provision for defined benefit plan	18,933,811	16,810,367	19,049,575	16,882,458
Impairment charge on financial assets	291,843,966	170,164,254	291,843,966	170,164,254
Loan losses and write offs	(709,832)	(33,491)	(709,832)	(33,491)
Gain / (loss) on mark to market valuation of shares	(9,298,251)	10,837,135	(9,298,251)	10,837,135
Gain / (loss) on sale of shares	1,231,578	(2,092,597)	1,231,578	(2,092,597)
Interest accrued on loans and advances	(260,761,884)	(144,016,130)	(260,761,884)	(144,016,130)
Accrued interest on borrowings	(37,223,856)	(20,087,590)	(37,223,856)	(20,087,590)
Accrued interest on debentures	23,229,673	5,432,718	23,229,673	5,432,718
	<u>451,953,451</u>	<u>621,876,241</u>	<u>516,553,661</u>	<u>683,504,227</u>

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit.

Segment report

<i>As at 30th September</i>	Leasing & Hire purchase		Pawning advances		Other Advances		Investments		Insurance Brokering		Unallocated		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue														
<i>External customers</i>														
Interest	2,890,577,910	2,793,591,787	134,894,412	110,867,391	205,640,053	333,422,834	197,232,184	160,808,258	-	-	-	-	3,428,344,559	3,398,690,270
Trading	-	-	-	-	-	-	8,066,673	(8,744,538)	-	-	24,319	42,798	8,090,992	(8,701,740)
Commissions	-	-	-	-	-	-	-	-	67,541,356	62,871,933	-	-	67,541,356	62,871,933
Rent	-	-	-	-	-	-	8,659,130	10,045,401	-	-	-	-	8,659,130	10,045,401
Dividends	-	-	-	-	-	-	2,557,778	1,662,296	-	-	-	-	2,557,778	1,662,296
Other income	13,068,428	17,206,282	-	-	-	-	13,722,747	14,009,544	-	-	28,224,977	41,682,432	55,016,152	72,898,258
Total revenue	2,903,646,338	2,810,798,069	134,894,412	110,867,391	205,640,053	333,422,834	230,238,512	177,780,961	67,541,356	62,871,933	28,249,296	41,725,230	3,570,209,967	3,537,466,418
Profit before tax													279,217,442	499,832,860
Taxation													(171,171,977)	(81,395,334)
Profit after tax													108,045,465	418,437,526
Segment Assets	25,266,192,211	25,652,780,007	1,192,328,740	1,152,266,628	1,717,772,116	2,294,959,361	6,398,883,744	4,491,071,940	23,082,597	32,196,912	1,220,687,396	1,693,907,269	35,818,946,804	35,317,182,117
Segment Liabilities	25,381,831,456	24,287,712,643	1,179,161,245	957,989,606	1,797,574,689	2,881,060,034	2,012,598,789	1,536,180,397	11,386,496	22,428,231	247,740,094	374,604,218	30,630,292,769	30,059,975,129
Information on Cash flows														
Operating activities	1,969,150,735	35,174,522	103,069,613	(5,300,398)	146,068,378	130,223,424	(115,324,597)	1,712,534,045	52,141,596	47,658,160	(199,823,600)	(196,560,603)	1,955,282,125	1,723,729,150
Investing activities	-	-	-	-	-	-	316,964	6,513,162	-	-	26,947,902	29,399,336	27,264,866	35,912,498
Capital expenditure	(70,978,687)	(231,975,598)	(3,349,532)	(10,419,835)	(4,825,627)	(20,753,095)	(17,975,972)	(40,612,327)	-	(27,721)	(3,429,178)	(15,317,838)	(100,558,996)	(319,106,414)
Financing activities	-	-	-	-	-	-	-	-	-	-	(2,050,124,630)	(1,346,906,957)	(2,050,124,630)	(1,346,906,957)
Net cash flow	1,898,172,048	(196,801,076)	99,720,081	(15,720,233)	141,242,751	109,470,329	(132,983,605)	1,678,434,880	52,141,596	47,630,439	(2,226,429,506)	(1,529,386,062)	(168,136,635)	93,628,277
Depreciation and amortisation	(151,040,142)	(133,242,911)	(7,127,687)	(5,984,979)	(10,268,763)	(11,920,231)	(1,700,000)	(1,700,000)	(599,618)	(610,018)	(55,519,565)	(8,798,311)	(226,255,775)	(162,256,450)

Selected performance indicators

As at 30th September

2019

2018

Regulatory Capital Adequacy

Core Capital (Tier 1) Rs. '000	5,171,983	4,727,440
Total Capital Base (Tier 1 and 2) Rs. '000	7,291,158	5,117,934
Core Capital Adequacy Ratio, as % of Risk Weighted Assets	14.60%	13.32%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets	20.58%	14.42%
Capital funds to Deposit Liabilities Ratio	64.87%	50.80%

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

Asset Quality (Quality of Loan Portfolio)

Gross Non-Performing Accommodations Rs. '000	1,991,154	1,080,020
Gross Non-Performing Accommodations Ratio	6.75%	3.64%
Net Non-Performing Accommodations Ratio	2.92%	1.63%

Profitability

Interest Margin	9.07%	9.94%
Return on Assets (before Tax)	1.94%	3.37%
Return on Equity (after Tax)	4.04%	17.10%

Regulatory Liquidity (Rs. '000)

Required minimum amount of Liquid Assets	1,477,820	1,547,099
Available amount of Liquid Assets	4,414,234	3,124,937
Required minimum amount of Government Securities	1,099,434	1,092,624
Available amount of Government Securities	3,012,260	1,567,689

Computed as per CBSL guidelines

Debt

Debt-to-Equity ratio (times)	3.40	3.48
Interest cover (times)	1.13	1.26

Memorandum information

Number of employees	810	780
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

There were no changes to the Accounting Policies and methods of computation since the publication of the Annual Report for the year ended March 31, 2019, except for the Accounting Policies and methods of computation adopted to be in compliance with the requirements of the Sri Lanka Accounting Standard SLFRS - 16 on Leases, which became effective for Annual Financial periods from January 01, 2019. 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 and the use of funds raised through debentures 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 November 5, 2019

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

5.2 Debenture issue -August 2019

Utilisation of funds raised via capital market Debenture Issue as at November 5, 2019

Objective as per prospectus	Amount allocated as per prospectus	Proposed date of utilization as per prospectus	Amount allocated from proceeds in Rs. (A)	% of total proceeds	Amount utilized in Rs. (B)	% of utilization against allocation (B/A)	Clarification if not fully utilized including where the funds are invested
Expansion of the lending portfolio	Rs. 1.75 Bn	Within 12 months from the date of allotment	Rs. 1.75 Bn	100%	Rs. 0.15 Bn	8.57%	Repurchase agreements and Fixed deposits

5.3 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%	Not traded	Not traded	Not traded	Not traded	Not traded
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%	Not traded	Not traded	Not traded	Not traded	Not traded

Notes to the financial statements (continued)

5.4 Interest rate of comparable government securities

As at 30th September	2019	2018
6 month Treasury bill	7.75%	8.60%
3 year Treasury bond	9.50%	10.40%
4 year Treasury bond	9.80%	10.70%

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	30.09.2019
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. L. Balasuriya - The Trustee of the Capitalization Issue	15
10. Mr. W. A. T. Fernando (Resigned w.e.f. 01.08.2019)	Nil
11. Mr. S. D. Bandaranayake	Nil
12. Mr. D.T.P. Collure	Nil
13. Mr. W.M.R.S. Dias	Nil
14. Mr. S.R. Pushpakumara	Nil
15. Mr. N. Vasantha Kumar (Appointed w.e.f. 01.07.2019)	Nil

6.2 Key Management Shareholdings

The number of shares held by the Key Management Personnel.

As at	30.09.2019
1. Mr. P.P.K. Ikirowatte	16,977
2. Mr. J.K. Jayatileke	16,963

6.3 Stated Capital

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

As at	30.09.2019	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 September 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. Ikirowatte	16,977	0.02
20. Mr. J. K. Jayatileke	16,963	0.02
	72,475,046	

6.5 The float adjusted market capitalisation and public holding

As at	30.09.2019	30.09.2018	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

6.6 Information on Ratios and Share Prices

As at	30.09.2019	30.09.2018
Dividend per share (Rs.)	0.95	1.95
Net Assets per share (Rs.)	73.13	73.21
Market Prices (Rs.)		
- 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 to 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.