



Senkadagala Finance PLC

**Interim Financial Statement for the period ended
31st December 2018**



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

Senkadagala Finance PLC

Income statement

For the three month period ended 31st December	Company			Group		
	2018	2017	Change	2018	2017	Change
	Rs.	Rs.	%	Rs.	Rs.	%
Interest income	1,791,612,251	1,682,432,242	6.5	1,792,079,342	1,682,924,764	6.5
Interest expense	(974,138,647)	(891,533,038)	9.3	(973,393,138)	(890,481,538)	9.3
Net interest income	817,473,604	790,899,204	3.4	818,686,204	792,443,226	3.3
Fee and commission income	26,383,293	28,612,392	(7.8)	63,335,892	62,869,902	0.7
Fee and commission expense	(8,722,565)	(16,121,520)	(45.9)	(8,722,565)	(16,121,520)	(45.9)
Net fee and commission income	17,660,728	12,490,872	41.4	54,613,327	46,748,382	16.8
Net gain from trading	197,378	2,000	9,768.9	197,378	2,000	9,768.9
Net gain / (loss) from financial instruments designated at fair value through profit or loss	901,007	(1,883,453)	147.8	901,007	(1,883,453)	147.8
Other operating income	42,062,207	26,277,131	60.1	41,987,207	30,191,831	39.1
Total operating income	878,294,924	827,785,754	6.1	916,385,123	867,501,986	5.6
Impairment charge on individual impairment	(20,750,888)	(5,115,903)	305.6	(20,750,888)	(5,115,903)	305.6
Impairment charge on collective impairment	(39,303,979)	(8,273,801)	375.0	(39,303,979)	(8,273,801)	375.0
Other loan losses (charge) / reversal	(18,834,049)	6,593,048	(385.7)	(18,834,049)	6,593,048	(385.7)
Net operating income	799,406,008	820,989,098	(2.6)	837,496,207	860,705,330	(2.7)
Personnel expenses	(185,002,532)	(159,648,774)	15.9	(186,245,370)	(160,828,227)	15.8
Depreciation of property, plant and equipment	(82,765,576)	(74,288,770)	11.4	(83,065,312)	(75,339,494)	10.3
Amortization of intangible assets	(3,168,050)	(3,595,951)	(11.9)	(3,168,050)	(3,595,951)	(11.9)
Other expenses	(219,936,171)	(176,059,498)	24.9	(221,487,608)	(177,453,701)	24.8
Operating profit before VAT, NBT & DRL on financial services	308,533,679	407,396,105	(24.3)	343,529,867	443,487,957	(22.5)
VAT, NBT & DRL on financial services	(94,081,315)	(85,136,136)	10.5	(94,081,315)	(85,136,136)	10.5
Profit before income tax	214,452,364	322,259,969	(33.5)	249,448,552	358,351,821	(30.4)
Income tax expense	(13,954,341)	(35,015,827)	(60.1)	(23,923,003)	(45,219,861)	(47.1)
Profit for the period	200,498,023	287,244,142	(30.2)	225,525,549	313,131,960	(28.0)
Earnings per share - Basic/diluted	2.77	4.09	(32.3)	3.11	4.45	(30.1)

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 31st December</i>	Company			Group		
	2018	2017	Change	2018	2017	Change
	Rs.	Rs.	%	Rs.	Rs.	%
Profit for the period	200,498,023	287,244,142	(30.2)	225,525,549	313,131,960	(28.0)
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	(1,549,930)	4,274,430	(136.3)	(1,549,930)	4,274,430	(136.3)
Other comprehensive income for the period net of tax	(1,549,930)	4,274,430	(136.3)	(1,549,930)	4,274,430	(136.3)
Total comprehensive income for the period net of tax	198,948,093	291,518,572	(31.8)	223,975,619	317,406,390	(29.4)

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

Income statement

For the nine month period ended 31st December	Company			Group		
	2018	2017	Change	2018	2017	Change
	Rs.	Rs.	%	Rs.	Rs.	%
Interest income	5,189,576,667	4,751,637,265	9.2	5,190,769,612	4,753,173,039	9.2
Interest expense	(2,804,127,088)	(2,528,759,448)	10.9	(2,800,576,900)	(2,525,613,722)	10.9
Net interest income	2,385,449,579	2,222,877,817	7.3	2,390,192,712	2,227,559,317	7.3
Fee and commission income	78,561,445	87,635,333	(10.4)	178,347,152	190,112,550	(6.2)
Fee and commission expense	(14,692,839)	(23,556,561)	(37.6)	(14,692,839)	(23,556,561)	(37.6)
Net fee and commission income	63,868,606	64,078,772	(0.3)	163,654,313	166,555,989	(1.7)
Net gain from trading	2,289,975	1,307,600	75.1	2,289,975	1,307,600	75.1
Net (loss) / gain from financial instruments designated at fair value through profit or loss	(9,936,128)	2,472,636	(501.8)	(9,936,128)	2,472,636	(501.8)
Other operating income	113,421,633	113,410,650	0.0	74,496,633	75,062,950	(0.8)
Total operating income	2,555,093,665	2,404,147,475	6.3	2,620,697,505	2,472,958,492	6.0
Impairment charge on individual impairment	(120,058,868)	(11,635,468)	931.8	(120,058,868)	(11,635,468)	931.8
Impairment charge on collective impairment	(110,160,253)	(51,099,305)	115.6	(110,160,253)	(51,099,305)	115.6
Other loan losses (charge) / reversal	(24,792,202)	35,629,924	(169.6)	(24,792,202)	35,629,924	(169.6)
Net operating income	2,300,082,342	2,377,042,626	(3.2)	2,365,686,182	2,445,853,643	(3.3)
Personnel expenses	(534,246,485)	(454,815,725)	17.5	(537,749,348)	(458,028,430)	17.4
Depreciation of property, plant and equipment	(238,039,875)	(216,988,025)	9.7	(238,949,629)	(220,150,891)	8.5
Amortization of intangible assets	(9,540,183)	(11,079,573)	(13.9)	(9,540,183)	(11,079,573)	(13.9)
Other expenses	(631,258,619)	(578,424,308)	9.1	(635,207,777)	(582,172,506)	9.1
Operating profit before VAT, NBT & DRL on financial services	886,997,180	1,115,734,995	(20.5)	944,239,245	1,174,422,243	(19.6)
VAT, NBT & DRL on financial services	(194,957,833)	(193,065,796)	1.0	(194,957,833)	(193,065,796)	1.0
Profit before income tax	692,039,347	922,669,199	(25.0)	749,281,412	981,356,447	(23.6)
Income tax expense	(71,827,233)	(217,615,420)	(67.0)	(105,318,337)	(252,500,468)	(58.3)
Profit for the period	620,212,114	705,053,779	(12.0)	643,963,075	728,855,979	(11.6)
Earnings per share - Basic/diluted	8.56	10.03	(14.7)	8.89	10.37	(14.3)

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

Statement of other comprehensive income

<i>For the nine month period ended 31st December</i>	Company			Group		
	2018	2017	Change	2018	2017	Change
	Rs.	Rs.	%	Rs.	Rs.	%
Profit for the period	620,212,114	705,053,779	(12.0)	643,963,075	728,855,979	(11.6)
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	(1,549,930)	4,274,430	(136.3)	(1,549,930)	4,274,430	(136.3)
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	(1,549,930)	2,968,830	(152.2)	(1,549,930)	2,968,830	(152.2)
Total comprehensive income for the period net of tax	618,662,184	708,022,609	(12.6)	642,413,145	731,824,809	(12.2)

Figures in brackets indicate deductions.

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Statement of financial position

As at	Company			Group		
	31.12.2018 Rs.	31.03.2018 Rs.	31.12.2017 Rs.	31.12.2018 Rs.	31.03.2018 Rs.	31.12.2017 Rs.
Assets						
Cash and cash equivalents	860,250,733	764,909,318	1,202,654,144	904,209,030	817,948,235	1,220,278,235
Deposits with licensed commercial banks	1,151,837,291	588,383,766	1,923,438,102	1,151,837,291	588,383,766	1,923,438,102
Repurchase agreements	956,427,597	2,899,624,179	402,208,901	956,427,597	2,899,624,179	402,208,901
Financial assets held at fair value through profit or loss	73,682,705	87,479,831	85,678,620	73,682,705	87,479,831	85,678,620
Finance leases	26,030,098,724	23,887,236,580	23,142,718,884	26,030,098,724	23,887,236,580	23,142,718,884
Hire purchases	67,639,231	162,468,190	242,266,211	67,639,231	162,468,190	242,266,211
Other loans and receivables	3,430,986,674	3,752,080,667	3,954,844,136	3,430,986,674	3,752,080,667	3,954,844,136
Financial assets available for sale	111,456,728	113,006,657	108,974,551	111,456,728	113,006,657	108,974,551
Financial assets held to maturity	1,019,710,388	967,518,989	947,589,460	1,019,710,388	967,518,989	947,589,460
Investments in subsidiaries	320,000,000	320,000,000	320,000,000	-	-	-
Investment property	376,730,895	379,280,895	78,721,895	279,110,383	281,660,383	270,852,667
Property, plant and equipment	1,590,198,646	1,366,616,928	1,360,883,224	1,594,520,515	1,371,811,835	1,365,905,910
Intangible assets	47,748,124	57,251,807	59,845,280	112,568,338	122,072,021	124,665,494
Current tax recoverable	-	77,799,351	48,011,206	-	47,706,913	34,142,541
Other assets	767,464,447	680,106,263	714,268,699	768,208,999	680,374,041	714,637,728
Total assets	36,804,232,183	36,103,763,421	34,592,103,313	36,500,456,603	35,779,372,287	34,538,201,440
Liabilities						
Due to banks	7,336,433,307	6,008,726,566	6,682,202,969	7,367,432,613	6,060,439,800	6,693,097,308
Deposits from customers	10,108,395,280	9,507,133,790	9,308,250,147	10,068,271,942	9,465,455,334	9,260,520,974
Other borrowings	9,672,305,891	9,367,632,765	8,206,337,888	9,672,305,891	9,367,632,765	8,206,337,888
Debt securities issued	2,642,389,741	3,127,018,895	3,026,357,523	2,642,389,741	3,127,018,895	3,026,357,523
Subordinated debentures	-	1,272,876,786	1,272,876,786	-	1,272,876,786	1,272,876,786
Deferred tax liabilities	581,849,672	860,680,871	717,339,901	581,739,441	860,605,400	720,913,003
Current tax liabilities	139,304,464	-	-	146,657,500	-	-
Amounts payable to related company	282,196,545	291,578,050	7,743,005	-	-	-
Other liabilities	458,204,359	555,520,066	497,980,956	461,672,192	559,772,416	506,075,844
Employee benefits	103,320,765	81,109,264	67,798,783	104,058,598	81,738,958	68,254,047
Total liabilities	31,324,400,024	31,072,277,053	29,786,887,958	31,044,527,918	30,795,540,354	29,754,433,373
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	5,621,543	7,171,473	7,330,013	5,621,543	7,171,473	7,330,013
Retained earnings	3,521,311,903	3,071,416,182	2,899,986,629	3,492,447,383	3,018,800,701	2,878,385,310
Total equity	5,479,832,159	5,031,486,368	4,805,215,355	5,455,928,685	4,983,831,933	4,783,768,067
Total liabilities and equity	36,804,232,183	36,103,763,421	34,592,103,313	36,500,456,603	35,779,372,287	34,538,201,440
Net assets per share	75.61	69.42	66.30	75.28	68.77	66.01

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
23rd January 2019

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	-	-	-	705,053,779	705,053,779
Other comprehensive income, net of tax	-	-	2,968,830	-	2,968,830
Total comprehensive income for the period	-	-	2,968,830	705,053,779	708,022,609
<i>Transactions with equity holders recognized directly in equity</i>					
Rights issue of shares	579,800,480	-	-	-	579,800,480
Dividends paid	-	-	-	(144,225,371)	(144,225,371)
Balance as at 31st December 2017	<u>1,587,862,680</u>	<u>310,036,033</u>	<u>7,330,013</u>	<u>2,899,986,629</u>	<u>4,805,215,355</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	-	-	-	620,212,114	620,212,114
Other comprehensive income, net of tax	-	-	(1,549,930)	-	(1,549,930)
Total comprehensive income for the period	-	-	(1,549,930)	620,212,114	618,662,184
<i>Transactions with equity holders recognized directly in equity</i>					
Dividends paid	-	-	-	(170,316,393)	(170,316,393)
Balance as at 31st December 2018	<u>1,587,862,680</u>	<u>365,036,033</u>	<u>5,621,543</u>	<u>3,521,311,903</u>	<u>5,479,832,159</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	-	-	-	728,855,979	728,855,979
Other comprehensive income, net of tax	-	-	2,968,830	-	2,968,830
Total comprehensive income for the period	-	-	2,968,830	728,855,979	731,824,809
<i>Transactions with equity holders recognized directly in equity</i>					
Rights issue of shares	579,800,480	-	-	-	579,800,480
Dividends paid	-	-	-	(144,225,371)	(144,225,371)
Balance as at 31st December 2017	<u>1,587,862,680</u>	<u>310,190,064</u>	<u>7,330,013</u>	<u>2,878,385,310</u>	<u>4,783,768,067</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	-	-	-	643,963,075	643,963,075
Other comprehensive income, net of tax	-	-	(1,549,930)	-	(1,549,930)
Total comprehensive income for the period	-	-	(1,549,930)	643,963,075	642,413,145
<i>Transactions with equity holders recognized directly in equity</i>					
Dividends paid	-	-	-	(170,316,393)	(170,316,393)
Balance as at 31st December 2018	<u>1,587,862,680</u>	<u>369,997,079</u>	<u>5,621,543</u>	<u>3,492,447,383</u>	<u>5,455,928,685</u>

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

Statement of cash flows

For the period ended 31st December	Company		Group	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Cash flows from operating activities				
Interest and commission receipts	5,164,058,103	4,415,520,946	5,265,036,755	4,519,533,937
Interest payments	(2,953,789,400)	(2,609,107,004)	(2,950,239,212)	(2,605,961,278)
Recoveries of bad debts	28,266,111	44,074,716	28,266,111	44,074,716
Other operating income	33,488,855	9,711,483	33,263,855	17,713,783
Operating expenditure	(893,878,141)	(802,545,073)	(897,827,299)	(806,293,271)
Cash payments to employees	(507,969,213)	(445,526,000)	(511,363,937)	(448,632,397)
Operating cash flow before changes in operating assets and liabilities (Note A)	870,176,315	612,129,068	967,136,273	720,435,490
Changes in operating assets and liabilities				
Net funds advanced to customers	(1,853,167,767)	(3,222,170,674)	(1,853,167,767)	(3,222,170,674)
Deposits from customers	601,261,490	2,077,377,582	602,816,608	2,056,006,422
Deposits with licensed commercial banks	(554,318,791)	510,533,769	(554,318,791)	510,533,769
Government and other securities	1,891,005,183	545,103,010	1,891,005,183	545,103,010
Other assets	(87,301,777)	(530,483,197)	(87,778,551)	(538,148,394)
Other liabilities	(93,671,247)	(88,677,375)	(90,175,709)	(92,931,861)
	(96,192,909)	(708,316,885)	(91,619,027)	(741,607,728)
Net cash flow from operating activities before taxation	773,983,406	(96,187,817)	875,517,246	(21,172,238)
Taxes paid	(147,490,247)	(108,760,162)	(198,654,059)	(143,348,208)
Gratuity paid	(4,065,771)	(19,990,691)	(4,065,771)	(19,990,691)
Net cash generated from / (used in) operating activities	622,427,388	(224,938,670)	672,797,416	(184,511,137)
Cash flows from investing activities				
Net investment in trading securities	6,150,973	(3,171,433)	6,150,973	(3,171,433)
Net investment in financial assets available for sale	-	(25,000,000)	-	(25,000,000)
Dividends received on investments	40,944,607	48,815,594	2,244,607	2,465,594
Purchase of property, plant and equipment	(493,087,062)	(254,009,752)	(493,123,782)	(254,009,752)
Purchase of intangible assets	(36,500)	-	(36,500)	-
Proceeds from sale of property, plant and equipment	73,003,835	98,266,199	73,003,835	98,266,199
Net cash used in investing activities	(373,024,147)	(135,099,392)	(411,760,867)	(181,449,392)
Cash flows from financing activities				
Proceeds from rights issue	-	579,800,480	-	579,800,480
Securitized loans obtained	5,300,000,000	3,900,000,000	5,300,000,000	3,900,000,000
Repayment of loans	(3,796,886,519)	(3,114,968,250)	(3,796,886,519)	(3,114,968,250)
Redemption of debenture	(1,647,270,000)	(585,753,500)	(1,647,270,000)	(585,753,500)
Dividends paid	(169,463,135)	(143,590,578)	(169,463,135)	(143,590,578)
Net cash (used in) / generated from financing	(313,619,654)	635,488,152	(313,619,654)	635,488,152

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

Statement of cash flows (Continued)

For the period ended 31st December	Company		Group	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Net (decrease) / increase in cash and cash equivalents	(64,216,413)	275,450,090	(52,583,105)	269,527,623
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	617,859,127	709,370,736	630,818,118	716,100,488
Reconciliation of cash and cash equivalents				
Cash and cash equivalents	860,250,733	1,202,654,144	904,209,030	1,220,278,235
Bank overdrafts	(242,391,606)	(493,283,408)	(273,390,912)	(504,177,747)
	617,859,127	709,370,736	630,818,118	716,100,488
Note A				
Reconciliation of operating profit				
Profit before income tax	692,039,347	922,669,199	749,281,412	981,356,447
Depreciation	247,580,058	228,067,598	248,489,812	231,230,464
Dividend receipts on investments	(40,944,607)	(48,815,594)	(2,244,607)	(2,465,594)
Profit on disposal of motor vehicles	(38,988,367)	(54,883,621)	(38,988,367)	(54,883,621)
Provision for defined benefit plan	26,277,272	9,289,725	26,385,411	9,396,033
Impairment charge on financial assets	230,219,121	62,734,773	230,219,121	62,734,773
Loss on auction of pawning articles	89,463	946,384	89,463	946,384
Loss / (Gain) on mark to market valuation of shares	9,936,128	(2,472,636)	9,936,128	(2,472,636)
Gain on sale of shares	(2,289,975)	(2,000)	(2,289,975)	(2,000)
Gains from available for sale financial assets	-	(1,305,600)	-	(1,305,600)
Loss on foreign currency balances	196	48	196	48
Interest accrued on loans and advances	(104,080,009)	(423,751,652)	(104,080,009)	(423,751,652)
Accrued interest on borrowings	(39,426,372)	27,450,243	(39,426,372)	27,450,243
Accrued interest on debentures	(110,235,940)	(107,797,799)	(110,235,940)	(107,797,799)
	870,176,315	612,129,068	967,136,273	720,435,490

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

Segment report

As at 31st December	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	4,250,481,581	3,626,485,961	23,436,103	127,905,149	179,877,361	124,435,250	474,705,588	599,356,252	262,268,979	274,990,427	-	-	-	-	5,190,769,612	4,753,173,039
Trading	-	-	-	-	-	-	-	-	(7,646,153)	3,780,236	-	-	120,567	63,302	(7,525,586)	3,843,538
Commissions	-	-	-	-	-	-	-	-	-	-	99,848,130	102,573,729	-	-	99,848,130	102,573,729
Rent	-	-	-	-	-	-	-	-	16,495,335	15,317,300	-	-	-	-	16,495,335	15,317,300
Dividends	-	-	-	-	-	-	-	-	2,244,607	2,465,594	-	-	-	-	2,244,607	2,465,594
Other income	25,700,475	34,463,104	-	-	-	-	-	-	38,988,367	54,883,621	-	-	69,446,304	55,408,850	134,135,146	144,755,575
Total revenue	4,276,182,056	3,660,949,065	23,436,103	127,905,149	179,877,361	124,435,250	474,705,588	599,356,252	312,351,135	351,437,178	99,848,130	102,573,729	69,566,871	55,472,152	5,435,967,244	5,022,128,775
Profit before tax															749,281,412	981,356,447
Taxation															(105,318,337)	(252,500,468)
Profit after tax															643,963,075	728,855,979
Segment Assets	26,030,098,724	23,142,718,884	67,639,231	242,266,211	1,177,897,132	899,012,485	2,253,089,542	3,055,831,651	5,230,171,862	4,967,340,033	49,024,718	22,729,367	1,692,535,394	2,208,302,809	36,500,456,603	34,538,201,440
Segment Liabilities	24,843,999,161	22,125,008,824	136,160,368	772,996,974	1,045,061,447	752,026,580	2,757,970,796	3,622,219,848	1,814,714,910	2,123,916,647	35,094,738	14,301,135	411,526,498	343,963,365	31,044,527,918	29,754,433,373
Information on Cash flows																
Operating activities	(163,007,183)	(401,552,575)	160,083,769	221,041,284	(6,146,406)	(30,618,118)	170,057,238	(72,615,933)	788,263,498	351,756,905	47,072,474	29,268,488	(323,525,974)	(281,791,188)	672,797,416	(184,511,137)
Investing activities	-	-	-	-	-	-	-	-	8,395,580	(25,705,839)	-	-	73,003,835	98,266,199	81,399,415	72,560,360
Capital expenditure	(352,141,311)	(169,859,859)	(915,039)	(1,155,296)	(15,934,870)	(7,065,966)	(30,480,326)	(19,614,721)	(70,754,998)	(45,236,322)	(36,720)	-	(22,897,018)	(11,077,588)	(493,160,282)	(254,009,752)
Financing activities	-	-	-	-	-	-	-	-	-	-	-	-	(313,619,654)	635,488,152	(313,619,654)	635,488,152
Net cash flow	(515,148,494)	(571,412,434)	159,168,730	219,885,988	(22,081,276)	(37,684,084)	139,576,912	(92,230,654)	725,904,080	280,814,744	47,035,754	29,268,488	(587,038,811)	440,885,575	(52,583,105)	269,527,623
Depreciation and amortisation	(204,288,891)	(185,557,759)	(530,845)	(1,262,065)	(9,244,348)	(7,718,980)	(17,682,652)	(21,427,451)	(2,550,000)	-	(909,754)	(890,399)	(13,283,322)	(14,373,810)	(248,489,812)	(231,230,464)

Selected Performance Indicators

As at 31st December

2018

2017

Regulatory Capital Adequacy

Core Capital (Tier 1) Rs. '000	4,675,718	4,237,057
Total Capital Base (Tier 2) Rs. '000	4,880,793	4,721,223
Core Capital Adequacy Ratio, as % of Risk Weighted Assets	12.93%	14.40%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets	13.50%	16.05%
Capital funds to Deposit Liabilities Ratio	48.28%	50.72%

Computed as per Finance Business Act (Capital Adequacy Requirements) directions No. 03 of 2018

Asset Quality (Quality of Loan Portfolio)

Gross Non-Performing Accommodations Rs. '000	1,223,322	612,873
Gross Non-Performing Accommodations Ratio, %	4.05%	2.21%
Net Non-Performing Accommodations Ratio, %	1.82%	0.77%

Profitability

Interest Margin	9.74%	10.19%
Return on Assets (before Tax)	3.31%	4.71%
Return on Equity (after Tax)	16.08%	22.92%

Regulatory Liquidity (Rs. '000)

Required minimum amount of Liquid Assets	1,397,629	1,528,778
Available amount of Liquid Assets	3,676,258	3,527,596
Required minimum amount of Government Securities	1,092,624	876,255
Available amount of Government Securities	1,791,532	1,168,593

Computed as per CBSL guidelines

Debt

Debt-to-Equity ratio (time)	3.54	3.89
Interest cover (time)	1.25	1.36

Memorandum information

Number of employees	784	719
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 judgment 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 December 31, 2018 based on LKAS 39.

Based on the preliminary assessments undertaken to date which is yet to be audited, total estimated loan loss provision as at March 31, 2018 on adoption of SLFRS 9 is expected to increase to Rs.651 million, an increase of 46% compared to the total provision of Rs.446 million determined as per LKAS 39.

- 3 Dr. Prathap Ramanujam has tendered his resignation as an Independent, Non-Executive Director of the Company with effect from December 12, 2018 on reaching 70 years of age, the maximum age permitted by the Central Bank of Sri Lanka Direction No. 03 of 2008 on Corporate Governance applicable to finance companies.
- 4 There were no material changes in the composition of assets, liabilities and contingent liabilities during the period
- 5 All known expenses have been provided for in these financial statements.
- 6 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 dividend	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 dividend	0.40	28,990,024.40	October 29, 2018
2018/19	Second interim dividend	0.80	57,980,048.80	February 11, 2019

7 Debenture Information

- 7.1 During the period, the Company redeemed the senior, unsecured, redeemable, listed debentures to the value of Rs.397 million and Subordinated, unsecured, redeemable, listed debentures to the value of Rs.1,250 million.

7.2 Debenture issue -November 2016

Utilization of funds raised via capital market Debenture Issue as at January 23, 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

Notes to the Financial Statements (Continued)

7.3 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	11.82%	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	12.08%	Not traded	Not traded	Not traded	Not traded	Not traded
4 year - 13.75 % payable Semi- Annually	14.22%	13.72%	6.88%	100.00	100.00	100.00

7.4 Interest rate of comparable government securities

As at 31st December	2018	2017
6 month Treasury bill	9.99%	8.30%
3 year Treasury bond	11.50%	9.55%
4 year Treasury bond	11.60%	9.70%

8 Share information

8.1 Directors' shareholdings

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

As at	31.12.2018
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. Mr. S. D. Bandaranayake	Nil
11. Mr. D.T.P.Collure	Nil
12. Mr. W.M.R.S. Dias	Nil
13. Mr. Senanayakege R. Pushpakumara	Nil

Notes to the Financial Statements (Continued)

8.2 Key Management Shareholdings

The number of shares held by the Key Management Personnel.

As at	31.12.2018
1. Mr. P.P.K. Ikiriwatta	16,977
2. Mr. J.K. Jayathilake	16,963

8.3 Stated Capital

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

As at	31.12.2018	31.03.2018
Ordinary shares	72,475,061	72,475,061

8.4 The 20 largest shareholders of the Company as at December 31, 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)

8.5 The float adjusted market capitalization and public holding

As at 31st December	2018	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

8.6 Rights issue - April 2017

Utilization of funds raised via the Rights Issue as at January 23, 2019

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

8.7 Information on Ratios and Share Prices

As at 31st December	2018	2017
Dividend per share (Rs.)	2.35	2.05
Net Assets per share (Rs.)	75.61	66.30
Market Prices		
- Highest price	Not traded	Not traded
- Lowest price	Not traded	Not traded
- Last traded price	Not traded	Not traded

9 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.