



Senkadagala Finance PLC

**Interim Financial Statements for the period ended
31st December 2019**



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

Senkadagala Finance PLC

Income statement

For the three month period ended 31st December	Company			Group		
	2019 Rs.	2018 Rs.	Change %	2019 Rs.	2018 Rs.	Change %
Interest income	1,663,937,104	1,791,612,251	(7.1)	1,664,118,147	1,792,079,342	(7.1)
Interest expense	(892,694,321)	(974,138,647)	(8.4)	(892,820,164)	(973,393,138)	(8.3)
Net interest income	771,242,783	817,473,604	(5.7)	771,297,983	818,686,204	(5.8)
Fee and commission income	30,746,330	26,383,293	16.5	61,070,431	63,335,892	(3.6)
Fee and commission expense	(3,693,563)	(8,722,565)	(57.7)	(3,693,563)	(8,722,565)	(57.7)
Net fee and commission income	27,052,767	17,660,728	53.2	57,376,868	54,613,327	5.1
Net gain from trading	1,096,750	197,378	455.7	1,096,750	197,378	455.7
Net gain from financial instruments designated at fair value through profit or loss	11,912,555	901,007	1,222.1	11,912,555	901,007	1,222.1
Other operating income	8,810,568	42,062,207	(79.1)	8,735,568	41,987,207	(79.2)
Net other operating income	21,819,873	43,160,592	(49.4)	21,744,873	43,085,592	(49.5)
Total operating income	820,115,423	878,294,924	(6.6)	850,419,724	916,385,123	(7.2)
Impairment charges and other credit losses	(105,069,872)	(78,888,916)	33.2	(105,069,872)	(78,888,916)	33.2
Net operating income	715,045,551	799,406,008	(10.6)	745,349,852	837,496,207	(11.0)
Personnel expenses	(170,879,518)	(185,002,532)	(7.6)	(172,057,890)	(186,245,370)	(7.6)
Depreciation of property, plant and equipment	(101,741,316)	(82,765,576)	22.9	(102,046,457)	(83,065,312)	22.9
Amortisation of intangible assets	(3,590,986)	(3,168,050)	13.4	(3,590,986)	(3,168,050)	13.4
Other expenses	(190,772,616)	(235,364,344)	(18.9)	(191,791,535)	(236,915,781)	(19.0)
Operating profit before taxes on financial services	248,061,115	293,105,506	(15.4)	275,862,984	328,101,694	(15.9)
Taxes on financial services	(79,021,108)	(78,653,142)	0.5	(79,021,108)	(78,653,142)	0.5
Profit before income tax	169,040,007	214,452,364	(21.2)	196,841,876	249,448,552	(21.1)
Income tax expense	(47,967,129)	(13,954,341)	243.7	(56,070,053)	(23,923,003)	134.4
Profit for the period	121,072,878	200,498,023	(39.6)	140,771,823	225,525,549	(37.6)
Earnings per share	1.67	2.77	(39.6)	1.94	3.11	(37.6)

Figures in brackets in 2019 and 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 31st December</i>	Company			Group		
	2019	2018	Change	2019	2018	Change
	Rs.	Rs.	%	Rs.	Rs.	%
Profit for the period	121,072,878	200,498,023	(39.6)	140,771,823	225,525,549	(37.6)
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	-	2,186,172	(100.0)	-	2,186,172	(100.0)
Total other comprehensive income	-	2,186,172	100.0	-	2,186,172	100.0
Total comprehensive income for the period net of tax	121,072,878	202,684,195	(40.3)	140,771,823	227,711,721	(38.2)

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

Income statement

<i>For the nine month period ended 31st December</i>	Company			Group		
	2019	2018	Change	2019	2018	Change
	Rs.	Rs.	%	Rs.	Rs.	%
Interest income	5,091,932,105	5,189,576,667	(1.9)	5,092,462,706	5,190,769,612	(1.9)
Interest expense	(2,840,087,642)	(2,804,127,088)	1.3	(2,838,268,103)	(2,800,576,900)	1.3
Net interest income	2,251,844,463	2,385,449,579	(5.6)	2,254,194,603	2,390,192,712	(5.7)
Fee and commission income	65,273,830	78,561,445	(16.9)	163,116,326	178,347,152	(8.5)
Fee and commission expense	(16,885,120)	(14,692,839)	14.9	(16,885,120)	(14,692,839)	14.9
Net fee and commission income	48,388,710	63,868,606	(24.2)	146,231,206	163,654,313	(10.6)
Net gain / (loss) from trading	(134,828)	2,289,975	(105.9)	(134,828)	2,289,975	(105.9)
Net gain / (loss) from financial instruments designated at fair value through profit or loss	21,210,806	(9,936,128)	313.5	21,210,806	(9,936,128)	313.5
Other operating income	79,413,408	113,421,633	(30.0)	40,488,408	74,496,633	(45.7)
Net other operating income	100,489,386	105,775,480	(5.0)	61,564,386	66,850,480	(7.9)
Total operating income	2,400,722,559	2,555,093,665	(6.0)	2,461,990,195	2,620,697,505	(6.1)
Impairment charges and other credit losses	(434,998,505)	(255,011,323)	70.6	(434,998,505)	(255,011,323)	70.6
Net operating income	1,965,724,054	2,300,082,342	(14.5)	2,026,991,690	2,365,686,182	(14.3)
Personnel expenses	(511,462,581)	(534,246,485)	(4.3)	(514,915,148)	(537,749,348)	(4.2)
Depreciation of property, plant and equipment	(320,991,139)	(238,039,875)	34.8	(321,895,898)	(238,949,629)	34.7
Amortisation of intangible assets	(9,997,320)	(9,540,183)	4.8	(9,997,320)	(9,540,183)	4.8
Other operating expenses	(525,660,874)	(631,258,619)	(16.7)	(529,584,487)	(635,207,777)	(16.6)
Operating profit before taxes on financial services	597,612,140	886,997,180	(32.6)	650,598,837	944,239,245	(31.1)
Taxes on financial services	(174,539,519)	(194,957,833)	(10.5)	(174,539,519)	(194,957,833)	(10.5)
Profit before income tax	423,072,621	692,039,347	(38.9)	476,059,318	749,281,412	(36.5)
Income tax expense	(194,779,150)	(71,827,233)	171.2	(227,242,030)	(105,318,337)	115.8
Profit for the period	228,293,471	620,212,114	(63.2)	248,817,288	643,963,075	(61.4)
Earnings per share	3.15	8.56	(63.2)	3.43	8.89	(61.4)

*Figures in brackets in 2019 and 2018 columns 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		
	2019	2018	Change	2019	2018	Change
	Rs.	Rs.	%	Rs.	Rs.	%
Profit for the period	228,293,471	620,212,114	(63.2)	248,817,288	643,963,075	(61.4)
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)	100.0	-	(1,549,930)	100.0
Total other comprehensive income	-	(1,549,930)	100.0	-	(1,549,930)	100.0
Total comprehensive income for the period net of tax	228,293,471	618,662,184	(63.1)	248,817,288	642,413,145	(61.3)

Figures in brackets in 2019 and 2018 columns indicate deductions.

The above figures are provisional and subject to audit.

Statement of financial position

As at	Company			Group		
	31.12.2019	31.03.2019	31.12.2018	31.12.2019	31.03.2019	31.12.2018
	Rs.	(Audited) Rs.	Rs.	Rs.	(Audited) Rs.	Rs.
Assets						
Cash and cash equivalents	681,241,296	720,853,597	860,250,733	691,273,528	724,775,309	904,209,030
Deposits with licensed commercial banks	1,641,763,136	1,350,947,501	1,151,837,291	1,641,763,136	1,350,947,501	1,151,837,291
Repurchase agreements	480,172,345	1,515,652,849	956,427,597	480,172,345	1,515,652,849	956,427,597
Financial assets held at fair value through profit or loss	189,291,506	167,900,307	73,682,705	189,291,506	167,900,307	73,682,705
Financial assets at amortised cost - Finance leases and hire purchases	24,661,999,271	25,916,966,738	26,097,737,955	24,661,999,271	25,916,966,738	26,097,737,955
Financial assets at amortised cost - Other loans and receivables	2,848,086,232	3,152,781,971	3,430,986,674	2,848,086,232	3,152,781,971	3,430,986,674
Financial assets measured at fair value through other comprehensive income / financial assets available for sale	14,597,603	14,597,603	111,456,728	14,597,603	14,597,603	111,456,728
Financial assets at amortised cost - Other financial instruments / held to maturity	1,105,508,409	1,044,295,261	1,019,710,388	1,105,508,409	1,044,295,261	1,019,710,388
Investments in subsidiaries	320,000,000	320,000,000	320,000,000	-	-	-
Investment property	373,330,895	375,880,895	376,730,895	275,710,383	278,260,383	279,110,383
Property, plant and equipment	1,756,717,168	1,911,818,746	1,590,198,646	1,760,159,860	1,915,840,801	1,594,520,515
Intangible assets	49,864,416	45,131,673	47,748,124	49,864,416	45,131,673	112,568,338
Right-of-use assets	380,504,379	-	-	380,504,379	-	-
Other assets	234,075,930	246,236,128	767,464,447	234,763,362	225,721,761	768,208,999
Total assets	34,737,152,586	36,783,063,269	36,804,232,183	34,333,694,430	36,352,872,157	36,500,456,603
Liabilities						
Due to banks	4,566,554,215	7,698,196,509	7,336,433,307	4,569,434,650	7,698,196,509	7,367,432,613
Financial liabilities at amortised cost - due to depositors	11,471,730,348	10,008,976,046	10,108,395,280	11,435,518,457	9,957,561,479	10,068,271,942
Financial liabilities at amortised cost - other borrowings	7,369,109,623	9,564,781,494	9,672,305,891	7,369,109,623	9,564,781,494	9,672,305,891
Debt securities issued	2,511,726,939	2,732,047,895	2,642,389,741	2,511,726,939	2,732,047,895	2,642,389,741
Subordinated debentures	1,768,309,828	-	-	1,768,309,828	-	-
Lease liabilities	328,546,692	-	-	328,546,692	-	-
Deferred tax liabilities	274,547,089	461,314,121	581,849,672	274,350,738	461,173,423	581,739,441
Current tax payable	176,451,186	92,943,783	139,304,464	177,251,320	104,942,770	146,657,500
Amounts payable to related companies	282,247,412	282,396,920	282,196,545	-	-	-
Employee retirement benefits	110,949,891	88,572,900	103,320,765	111,969,885	89,419,248	104,058,598
Other liabilities	455,776,878	556,792,899	458,204,359	458,050,440	560,009,081	461,672,192
Total liabilities	29,315,950,101	31,486,022,567	31,324,400,024	29,004,268,572	31,168,131,899	31,044,527,918
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	-	-	5,621,543	-	-	5,621,543
Fair value reserve	3,893,597	3,893,597	-	3,893,597	3,893,597	-
Retained earnings	3,414,410,175	3,290,248,392	3,521,311,903	3,317,672,502	3,172,986,902	3,492,447,383
Total equity	5,421,202,485	5,297,040,702	5,479,832,159	5,329,425,858	5,184,740,258	5,455,928,685
Total liabilities and equity	34,737,152,586	36,783,063,269	36,804,232,183	34,333,694,430	36,352,872,157	36,500,456,603
Net assets per share	74.80	73.09	75.61	73.53	71.54	75.28

Figures in brackets indicate deductions.

Unless otherwise stated, 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
13th February 2020

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	-	-	-	-	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 recognised directly in equity</i>						
Dividends paid	-	-	-	-	(170,316,393)	(170,316,393)
Total contributions from and distribution to equity holders	-	-	-	-	(170,316,393)	(170,316,393)
Balance as at 31st December 2018	1,587,862,680	365,036,033	5,621,543	-	3,521,311,903	5,479,832,159
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	1,587,862,680	415,036,033	-	3,893,597	3,254,968,012	5,261,760,322
Total comprehensive income for the period						
Profit for the period	-	-	-	-	228,293,471	228,293,471
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	228,293,471	228,293,471
<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 31st December 2019	1,587,862,680	415,036,033	-	3,893,597	3,414,410,175	5,421,202,485
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	-	-	-	-	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 recognised directly in equity</i>						
Dividends paid	-	-	-	-	(170,316,393)	(170,316,393)
Total contributions from and distribution to equity holders	-	-	-	-	(170,316,393)	(170,316,393)
Balance as at 31st December 2018	1,587,862,680	369,997,079	5,621,543	-	3,492,447,383	5,455,928,685
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	1,587,862,680	419,997,079	-	3,893,597	3,137,706,522	5,149,459,878
Total comprehensive income for the period						
Profit for the period	-	-	-	-	248,817,288	248,817,288
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	248,817,288	248,817,288
<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 31st December 2019	1,587,862,680	419,997,079	-	3,893,597	3,317,672,502	5,329,425,858

Figures in brackets indicate deductions.

Unless otherwise stated, the above figures are provisional and subject to audit.

Statement of cash flows

For the period ended 31st December	Company		Group	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Cash flows from operating activities				
Interest and commission receipts	4,905,986,411	5,164,058,103	5,004,359,508	5,265,036,755
Interest payments	(2,884,648,437)	(2,953,789,400)	(2,882,828,898)	(2,950,239,212)
Recoveries of bad debts	32,187,778	28,266,111	32,187,778	28,266,111
Other operating income	24,101,576	33,488,855	23,876,576	33,263,855
Operating expenditure	(825,426,829)	(893,878,141)	(829,350,442)	(897,827,299)
Cash payments to employees	(483,061,865)	(507,969,213)	(486,340,786)	(511,363,937)
Operating cash flow before changes in operating assets and liabilities (Note A)	769,138,634	870,176,315	861,903,736	967,136,273
Changes in operating assets and liabilities				
Net funds received from / (advanced to) customers	1,451,947,766	(1,853,167,767)	1,451,947,766	(1,853,167,767)
Deposits from customers	1,462,754,302	601,261,490	1,477,956,978	602,816,608
Deposits with licensed commercial banks	(290,732,763)	(554,318,791)	(290,732,763)	(554,318,791)
Government and other securities	974,267,356	1,891,005,183	974,267,356	1,891,005,183
Other assets	(265,080,554)	(87,301,777)	(286,282,349)	(87,778,551)
Other liabilities	20,775,890	(93,671,247)	13,929,606	(90,175,709)
	3,353,931,997	(96,192,909)	3,341,086,594	(91,619,027)
Net cash flow from operating activities before taxation	4,123,070,631	773,983,406	4,202,990,330	875,517,246
Taxes paid	(296,456,892)	(147,490,247)	(334,121,106)	(198,654,059)
Gratuity paid	(6,023,725)	(4,065,771)	(6,023,725)	(4,065,771)
Net cash generated from operating activities	3,820,590,014	622,427,388	3,862,845,499	672,797,416
Cash flows from investing activities				
Net investment in trading securities	(315,219)	6,150,973	(315,219)	6,150,973
Dividends received on investments	41,709,969	40,944,607	3,009,969	2,244,607
Purchase of property, plant and equipment	(114,728,325)	(493,087,062)	(115,053,725)	(493,123,782)
Purchase of intangible assets	(14,730,063)	(36,500)	(14,730,063)	(36,500)
Proceeds from sale of property, plant and equipment	30,028,163	73,003,835	30,028,163	73,003,835
Net cash used in investing activities	(58,035,475)	(373,024,147)	(97,060,875)	(411,760,867)
Cash flows from financing activities				
Subordinated debentures issued	1,750,000,000	-	1,750,000,000	-
Redemption of debentures	(189,520,000)	(1,647,270,000)	(189,520,000)	(1,647,270,000)
Securitized loans obtained	-	5,300,000,000	-	5,300,000,000
Repayment of loans	(5,332,530,628)	(3,796,886,519)	(5,332,530,628)	(3,796,886,519)
Dividends paid	(67,409,467)	(169,463,135)	(67,409,467)	(169,463,135)
Net cash used in financing activities	(3,839,460,095)	(313,619,654)	(3,839,460,095)	(313,619,654)

Figures in brackets indicate deductions.

Unless otherwise stated, the above figures are provisional and subject to audit.

Statement of cash flows (Continued)

For the period ended 31st December	Company		Group	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Net decrease in cash and cash equivalents	(76,905,556)	(64,216,413)	(73,675,471)	(52,583,105)
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	592,018,317	617,859,127	599,170,114	630,818,118
Reconciliation of cash and cash equivalents				
Cash and cash equivalents	681,241,296	860,250,733	691,273,528	904,209,030
Bank overdrafts	(89,222,979)	(242,391,606)	(92,103,414)	(273,390,912)
	592,018,317	617,859,127	599,170,114	630,818,118
Note A				
Reconciliation of operating profit				
Profit before income tax	423,072,621	692,039,347	476,059,318	749,281,412
Depreciation and amortisation	330,988,459	247,580,058	331,893,218	248,489,812
Dividend receipts on investments	(41,709,969)	(40,944,607)	(3,009,969)	(2,244,607)
Profit on disposal of property, plant and equipment	(13,601,863)	(38,988,367)	(13,601,863)	(38,988,367)
Provision for defined benefit plan	28,400,716	26,277,272	28,574,362	26,385,411
Impairment charge on financial assets	359,931,735	230,219,121	359,931,735	230,219,121
Pawning auction (gain) / loss	(1,086,768)	89,463	(1,086,768)	89,463
(Gain) / loss on mark to market valuation of shares	(21,210,806)	9,936,128	(21,210,806)	9,936,128
(Gain) / loss on sale of shares	134,828	(2,289,975)	134,828	(2,289,975)
Loss on foreign currency balances	-	196	-	196
Interest accrued on loans and advances	(251,219,524)	(104,080,009)	(251,219,524)	(104,080,009)
Accrued interest on borrowings	(32,069,667)	(39,426,372)	(32,069,667)	(39,426,372)
Accrued interest on debentures	(12,491,128)	(110,235,940)	(12,491,128)	(110,235,940)
	769,138,634	870,176,315	861,903,736	967,136,273

Figures in brackets indicate deductions.

Unless otherwise stated, the above figures are provisional and subject to audit.

Segment report

<i>As at 31st December</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	4,314,265,087	4,273,917,684	190,885,582	179,877,361	302,858,682	474,705,588	284,453,355	262,268,979	-	-	-	-	5,092,462,706	5,190,769,612
Trading	-	-	-	-	-	-	21,075,978	(7,646,153)	-	-	37,307	120,567	21,113,285	(7,525,586)
Commissions	-	-	-	-	-	-	-	-	98,043,771	99,848,130	-	-	98,043,771	99,848,130
Rent	-	-	-	-	-	-	13,961,827	16,495,335	-	-	-	-	13,961,827	16,495,335
Dividends	-	-	-	-	-	-	3,009,969	2,244,607	-	-	-	-	3,009,969	2,244,607
Other income	32,008,185	25,700,475	-	-	-	-	13,601,863	38,988,367	-	-	42,941,812	69,446,304	88,551,860	134,135,146
Total revenue	4,346,273,272	4,299,618,159	190,885,582	179,877,361	302,858,682	474,705,588	336,102,992	312,351,135	98,043,771	99,848,130	42,979,119	69,566,871	5,317,143,418	5,435,967,244
Profit before tax													476,059,318	749,281,412
Taxation													(227,242,030)	(105,318,337)
Profit after tax													<u>248,817,288</u>	<u>643,963,075</u>
Segment Assets	<u>24,661,999,271</u>	<u>26,097,737,955</u>	<u>1,194,184,099</u>	<u>1,177,897,132</u>	<u>1,653,902,133</u>	<u>2,253,089,542</u>	<u>5,513,624,966</u>	<u>5,230,171,862</u>	<u>14,162,353</u>	<u>49,024,718</u>	<u>1,295,821,608</u>	<u>1,692,535,394</u>	<u>34,333,694,430</u>	<u>36,500,456,603</u>
Segment Liabilities	<u>24,148,038,499</u>	<u>24,980,159,529</u>	<u>1,060,566,627</u>	<u>1,045,061,447</u>	<u>1,682,692,885</u>	<u>2,757,970,796</u>	<u>1,867,399,374</u>	<u>1,814,714,910</u>	<u>5,975,079</u>	<u>35,094,738</u>	<u>239,596,108</u>	<u>411,526,498</u>	<u>29,004,268,572</u>	<u>31,044,527,918</u>
Information on Cash flows														
Operating activities	2,975,676,156	(2,923,414)	139,083,577	(6,146,406)	248,681,776	170,057,238	742,245,978	788,263,498	40,660,946	47,072,474	(283,502,934)	(323,525,974)	3,862,845,499	672,797,416
Investing activities	-	-	-	-	-	-	2,694,750	8,395,580	(325,400)	-	30,028,163	73,003,835	32,397,513	81,399,415
Capital expenditure	(93,028,736)	(353,056,350)	(4,504,640)	(15,934,870)	(6,238,765)	(30,480,326)	(20,798,215)	(70,754,998)	-	(36,720)	(4,888,032)	(22,897,018)	(129,458,388)	(493,160,282)
Financing activities	-	-	-	-	-	-	-	-	-	-	(3,839,460,095)	(313,619,654)	(3,839,460,095)	(313,619,654)
Net cash flow	<u>2,882,647,420</u>	<u>(355,979,764)</u>	<u>134,578,937</u>	<u>(22,081,276)</u>	<u>242,443,011</u>	<u>139,576,912</u>	<u>724,142,513</u>	<u>725,904,080</u>	<u>40,335,546</u>	<u>47,035,754</u>	<u>(4,097,822,898)</u>	<u>(587,038,811)</u>	<u>(73,675,471)</u>	<u>(52,583,105)</u>
Depreciation and amortisation	(225,509,073)	(204,819,736)	(10,919,607)	(9,244,348)	(15,123,264)	(17,682,652)	(2,550,000)	(2,550,000)	(904,759)	(909,754)	(76,886,515)	(13,283,322)	(331,893,218)	(248,489,812)

Selected performance indicators

As at 31st December

2019

2018

Regulatory Capital Adequacy

Core Capital (Tier 1) Rs. '000	5,225,397	4,675,718
Total Capital Base (Tier 1 and 2) Rs. '000	7,336,190	4,880,793
Core Capital Adequacy Ratio, as % of Risk Weighted Assets	15.02%	12.93%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets	21.09%	13.50%
Capital funds to Deposit Liabilities Ratio	63.95%	48.28%

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	2,075,046	1,223,322
Gross Non-Performing Accommodations Ratio	7.18%	4.05%
Net Non-Performing Accommodations Ratio	2.93%	1.82%

Profitability

Interest Margin	9.25%	9.74%
Return on Assets (before Tax)	2.23%	3.31%
Return on Equity (after Tax)	5.58%	16.08%

Regulatory Liquidity (Rs. '000)

Required minimum amount of Liquid Assets	1,442,978	1,397,629
Available amount of Liquid Assets	3,680,639	3,676,258
Required minimum amount of Government Securities	1,099,434	1,092,624
Available amount of Government Securities	1,397,480	1,791,532

Computed as per CBSL guidelines

Debt

Debt-to-Equity ratio (times)	2.99	3.54
Interest cover (times)	1.15	1.25

Memorandum information

Number of employees	817	784
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 February 13, 2020

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 February 13, 2020

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.0.73 Bn	41.7%	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.
4 year - 6 months gross T-bill rate + 1.75 % payable Semi-annually	9.64%	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
5 year - 12.875 % payable Semi- Annually	13.29%	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 31st December	2019	2018
6 month Treasury bill	8.02%	9.99%
4 year Treasury bond	9.60%	11.60%
5 year Treasury bond	9.70%	11.70%

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	31.12.2019
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	31.12.2019
1. Mr. P.P.K. Ikiwatte	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	31.12.2019	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 December 31, 2019 were:

Shareholder	Number of Shares	%
1. E. W. Balasuriya & Co. (Pvt) Limited	40,918,535	56.46
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. Mr. I. M. Thaha	144,073	0.20
17. Mr. M. M. Ariyaratne	31,653	0.04
18. Mr. P. P. K. Ikiriwatte	16,977	0.02
19. Mr. J. K. Jayatileke	16,963	0.02
20. Mrs. S. Thaha	14,408	0.02
	72,475,046	

6.5 The float adjusted market capitalisation and public holding

As at	31.12.2019	31.12.2018	Minimum Requirement
The float adjusted market capitalisation (Rs.)	1,426,712,172	1,393,011,618	1 Bn
Public holding percentage	21.40%	21.60%	7.5%
No. of public shareholders	9	9	200

6.6 Information on Ratios and Share Prices

As at	31.12.2019	31.12.2018
Dividend per share (Rs.)	0.95	2.35
Net Assets per share (Rs.)	74.80	75.61
Market Prices (Rs.)		
- Highest price	92.00	Not traded
- Lowest price	92.00	Not traded
- Last traded price	92.00	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.