



Senkadagala Finance PLC

**Interim Financial Statements for the period ended
31st March 2020**



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

Senkadagala Finance PLC

Income statement

For the three month period ended 31st March	Company			Group		
	2020 Rs.	2019 Rs.	Change %	2020 Rs.	2019 Rs.	Change %
Interest income	1,486,404,080	1,806,026,513	(17.7)	1,486,585,427	1,806,251,858	(17.7)
Interest expense	(838,729,648)	(955,404,267)	(12.2)	(838,236,399)	(954,051,239)	(12.1)
Net interest income	647,674,432	850,622,246	(23.9)	648,349,028	852,200,619	(23.9)
Fee and commission income	18,315,339	25,776,045	(28.9)	46,023,664	59,625,001	(22.8)
Fee and commission expense	(3,704,984)	(8,587,146)	(56.9)	(3,704,984)	(8,587,146)	(56.9)
Net fee and commission income	14,610,355	17,188,899	(15.0)	42,318,680	51,037,855	(17.1)
Net gain from financial instruments designated at fair value through profit or loss	-	(12,200,445)	(100.0)	81,515	(12,200,445)	(100.7)
Other operating income	43,474,061	80,228,882	(45.8)	10,719,063	39,733,882	(73.0)
Net other operating income	43,474,061	68,028,437	(36.1)	10,800,578	27,533,437	(60.8)
Total operating income	705,758,848	935,839,582	(24.6)	701,468,286	930,771,911	(24.6)
Impairment charges and other credit losses	(90,886,725)	(189,350,763)	(52.0)	(90,886,725)	(189,350,763)	(52.0)
Net operating income	614,872,123	746,488,819	(17.6)	610,581,561	741,421,148	(17.6)
Personnel expenses	(158,592,068)	(167,127,934)	(5.1)	(160,604,195)	(168,378,566)	(4.6)
Depreciation of property, plant and equipment	(154,339,942)	(82,538,242)	87.0	(154,658,549)	(82,838,053)	86.7
Amortisation of intangible assets	(3,626,789)	(3,177,671)	14.1	(3,626,789)	(3,177,671)	14.1
Impairment of intangible assets	-	-	-	-	(64,820,214)	(100.0)
Impairment of investment in Subsidiary	(17,752,588)	-	100.0	-	-	-
Other expenses	(149,009,896)	(201,372,079)	(26.0)	(150,146,842)	(202,557,547)	(25.9)
Operating profit before taxes on financial services	131,550,840	292,272,893	(55.0)	141,545,186	219,649,097	(35.6)
Taxes on financial services	(11,379,076)	(55,028,467)	(79.3)	(11,379,076)	(55,028,467)	(79.3)
Profit before income tax	120,171,764	237,244,426	(49.3)	130,166,110	164,620,630	(20.9)
Income tax (expense) / reversal	(24,192,399)	93,147,154	126.0	(32,142,721)	77,373,980	141.5
Profit for the period	95,979,365	330,391,580	(70.9)	98,023,389	241,994,610	(59.5)
Earnings per share	1.32	4.56	(70.9)	1.35	3.34	(59.5)

Figures in brackets in 2020 and 2019 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 March</i>	Company			Group		
	2020	2019	Change	2020	2019	Change
	Rs.	Rs.	%	Rs.	Rs.	%
Profit for the period	95,979,365	330,391,580	(70.9)	98,023,389	241,994,610	(59.5)
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Actuarial gain/(loss) on defined benefit plans	(17,037,844)	5,999,263	(384.0)	(17,037,844)	5,999,263	(384.0)
Deferred tax effect on actuarial (gain)/loss	-	(3,124,802)	(100.0)	-	(3,124,802)	(100.0)
Changes in fair value on investments in equity at fair value through other comprehensive income	-	3,893,597	(100.0)	-	3,893,597	(100.0)
Total other comprehensive income	(17,037,844)	6,768,058	(351.7)	(17,037,844)	6,768,058	(351.7)
Total comprehensive income for the period net of tax	78,941,521	337,159,638	(76.6)	80,985,545	248,762,668	(67.4)

Figures in brackets in 2020 and 2019 columns indicate deductions.

The above figures are provisional and subject to audit.

Income statement

For the year ended 31st March	Company			Group		
	2020	2019	Change	2020	2019	Change
	Rs.	(Audited) Rs.	%	Rs.	(Audited) Rs.	%
Interest income	6,578,336,185	6,995,603,180	(6.0)	6,579,048,133	6,997,021,470	(6.0)
Interest expense	(3,678,817,290)	(3,759,531,355)	(2.1)	(3,676,504,502)	(3,754,628,139)	(2.1)
Net interest income	2,899,518,895	3,236,071,825	(10.4)	2,902,543,631	3,242,393,331	(10.5)
Fee and commission income	83,589,169	104,337,490	(19.9)	209,139,990	237,972,153	(12.1)
Fee and commission expense	(20,590,104)	(23,279,985)	(11.6)	(20,590,104)	(23,279,985)	(11.6)
Net fee and commission income	62,999,065	81,057,505	(22.3)	188,549,886	214,692,168	(12.2)
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	21,210,807	(22,136,573)	195.8	21,292,321	(22,136,573)	196.2
Other operating income	122,887,469	193,650,515	(36.5)	51,207,471	114,230,515	(55.2)
Net other operating income	143,963,448	173,803,917	(17.2)	72,364,964	94,383,917	(23.3)
Total operating income	3,106,481,408	3,490,933,247	(11.0)	3,163,458,481	3,551,469,416	(10.9)
Impairment charges and other credit losses	(525,885,230)	(444,362,086)	18.3	(525,885,230)	(444,362,086)	18.3
Net operating income	2,580,596,178	3,046,571,161	(15.3)	2,637,573,251	3,107,107,330	(15.1)
Personnel expenses	(670,054,649)	(701,374,419)	(4.5)	(675,519,343)	(706,127,914)	(4.3)
Depreciation of property, plant and equipment	(475,331,081)	(320,578,117)	48.3	(476,554,447)	(321,787,682)	48.1
Amortisation of intangible assets	(13,624,109)	(12,717,854)	7.1	(13,624,109)	(12,717,854)	7.1
Impairment of intangible assets	-	-	-	-	(64,820,214)	(100.0)
Impairment of investment in Subsidiary	(17,752,588)	-	100.0	-	-	-
Other operating expenses	(674,670,770)	(832,630,698)	(19.0)	(679,731,329)	(837,765,324)	(18.9)
Operating profit before taxes on financial services	729,162,981	1,179,270,073	(38.2)	792,144,023	1,163,888,342	(31.9)
Taxes on financial services	(185,918,595)	(249,986,300)	(25.6)	(185,918,595)	(249,986,300)	(25.6)
Profit before income tax	543,244,386	929,283,773	(41.5)	606,225,428	913,902,042	(33.7)
Income tax (expense) / reversal	(218,971,549)	21,319,921	1,127.1	(259,384,751)	(27,944,357)	828.2
Profit for the year	324,272,837	950,603,694	(65.9)	346,840,677	885,957,685	(60.9)
Earnings per share	4.47	13.12	(65.9)	4.79	12.22	(60.9)

Figures in brackets in 2020 and 2019 columns indicate deductions.

The above figures are provisional and subject to audit, unless stated otherwise.

Statement of other comprehensive income

<i>For the year ended 31st March</i>	Company			Group		
	2020	2019	Change	2020	2019	Change
	Rs.	(Audited) Rs.	%	Rs.	(Audited) Rs.	%
Profit for the year	324,272,837	950,603,694	(65.9)	346,840,677	885,957,685	(60.9)
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Actuarial gain/(loss) on defined benefit plans	(17,037,844)	5,999,263	(384.0)	(17,037,844)	5,999,263	(384.0)
Deferred tax effect on actuarial (gain)/loss	-	(3,124,802)	100.0	-	(3,124,802)	100.0
Changes in fair value on investments in equity at fair value through other comprehensive income	-	3,893,597	(100.0)	-	3,893,597	(100.0)
Total other comprehensive income	(17,037,844)	6,768,058	(351.7)	(17,037,844)	6,768,058	(351.7)
Total comprehensive income for the year net of tax	307,234,993	957,371,752	(67.9)	329,802,833	892,725,743	(63.1)

Figures in brackets in 2020 and 2019 columns indicate deductions.

The above figures are provisional and subject to audit, unless stated otherwise.

Statement of financial position

As at 31st March	Company		Group	
	2020	2019	2020	2019
	Rs.	(Audited) Rs.	Rs.	(Audited) Rs.
Assets				
Cash and cash equivalents	1,966,543,615	720,853,597	2,008,909,242	724,775,309
Deposits with licensed commercial banks	884,788,297	1,350,947,501	884,788,297	1,350,947,501
Repurchase agreements	1,003,510,645	1,515,652,849	1,003,510,645	1,515,652,849
Financial assets held at fair value through profit or loss	389,291,506	167,900,307	401,829,192	167,900,307
Financial assets at amortised cost - Finance leases and hire purchases	24,366,105,193	25,916,966,738	24,366,105,193	25,916,966,738
Financial assets at amortised cost - Other loans and receivables	2,880,489,943	3,152,781,971	2,880,719,943	3,152,781,971
Financial assets measured at fair value through other comprehensive income	14,597,603	14,597,603	14,597,603	14,597,603
Financial assets at amortised cost - Other financial instruments	1,131,895,795	1,044,295,261	1,131,895,795	1,044,295,261
Investments in subsidiaries	333,977,012	320,000,000	-	-
Investment property	372,480,895	375,880,895	274,860,383	278,260,383
Property, plant and equipment	1,746,155,533	1,911,818,746	1,749,282,495	1,915,840,801
Intangible assets	46,237,627	45,131,673	50,237,627	45,131,673
Right-of-use assets	371,816,423	-	371,816,423	-
Other assets	145,102,985	246,236,128	113,969,594	225,721,761
Total assets	35,652,993,072	36,783,063,269	35,252,522,432	36,352,872,157
Liabilities				
Due to banks	5,633,207,997	7,698,196,509	5,633,207,997	7,698,196,509
Financial liabilities at amortised cost - due to depositors	11,196,160,481	10,008,976,046	11,149,455,341	9,957,561,479
Financial liabilities at amortised cost - other borrowings	7,245,617,422	9,564,781,494	7,245,617,422	9,564,781,494
Debt securities issued	2,633,192,829	2,732,047,895	2,633,192,829	2,732,047,895
Subordinated debentures	1,768,309,828	-	1,768,309,828	-
Lease liabilities	364,516,078	-	364,516,078	-
Deferred tax liabilities	256,329,472	461,314,121	256,108,321	461,173,423
Current tax payable	54,763,124	92,943,783	53,754,861	104,942,770
Amounts payable to related companies	282,247,412	282,396,920	-	-
Employee retirement benefits	123,291,686	88,572,900	125,409,740	89,419,248
Other liabilities	597,374,936	556,792,899	614,700,812	560,009,081
Total liabilities	30,155,011,265	31,486,022,567	29,844,273,229	31,168,131,899
Equity				
Stated capital	1,587,862,680	1,587,862,680	1,587,862,680	1,587,862,680
Statutory reserve fund	432,036,033	415,036,033	436,997,079	419,997,079
Available for sale reserve	-	-	-	-
Fair value reserve	3,893,597	3,893,597	3,893,597	3,893,597
Retained earnings	3,474,189,497	3,290,248,392	3,379,495,847	3,172,986,902
Total equity	5,497,981,807	5,297,040,702	5,408,249,203	5,184,740,258
Total liabilities and equity	35,652,993,072	36,783,063,269	35,252,522,432	36,352,872,157
Net assets per share	75.86	73.09	74.62	71.54

The above figures are provisional and subject to audit, unless stated otherwise.

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
17th July 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
Adjustment on initial application of SLFRS 9						
Impact of reclassifying financial investment from AFS to FVTPL	-	-	(7,171,473)	-	7,171,473	-
Recognition of SLFRS 9- Expected credit losses	-	-	-	-	-	-
Loans and receivable to customers	-	-	-	-	(405,863,937)	(405,863,937)
Other financial investments	-	-	-	-	(34,349)	(34,349)
Adjustment on initial application of SLFRS 15						
Remeasurements of loan protection fee	-	-	-	-	(57,622,690)	(57,622,690)
Restated balance as at 1st April 2018	1,587,862,680	365,036,033	-	-	2,615,066,679	4,567,965,392
Total comprehensive income for the period	-	-	-	-	-	-
Profit for the period	-	-	-	-	950,603,694	950,603,694
Other comprehensive income, net of tax	-	-	-	3,893,597	2,874,461	6,768,058
Total comprehensive income for the period	-	-	-	3,893,597	953,478,155	957,371,752
<i>Transactions with equity holders recognised directly in equity</i>						
Transfers to reserves	-	50,000,000	-	-	(50,000,000)	-
Dividends paid	-	-	-	-	(228,296,442)	(228,296,442)
Total contributions from and distribution to equity holders	-	50,000,000	-	-	(278,296,442)	(228,296,442)
Balance as at 31st March 2019 (Audited)	1,587,862,680	415,036,033	-	3,893,597	3,290,248,392	5,297,040,702
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	-	-	-	-	(37,442,580)	(37,442,580)
Restated balance as at 1st April 2019	1,587,862,680	415,036,033	-	3,893,597	3,252,805,812	5,259,598,122
Total comprehensive income for the period	-	-	-	-	-	-
Profit for the period	-	-	-	-	324,272,837	324,272,837
Other comprehensive income, net of tax	-	-	-	-	(17,037,844)	(17,037,844)
Total comprehensive income for the period	-	-	-	-	307,234,993	307,234,993
<i>Transactions with equity holders recognised directly in equity</i>						
Transfers to reserves	-	17,000,000	-	-	(17,000,000)	-
Dividends paid	-	-	-	-	(68,851,308)	(68,851,308)
Total contributions from and distribution to equity holders	-	17,000,000	-	-	(85,851,308)	(68,851,308)
Balance as at 31st March 2020	1,587,862,680	432,036,033	-	3,893,597	3,474,189,497	5,497,981,807
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
Adjustment on initial application of SLFRS 9						
Impact of reclassifying financial investment from AFS to FVTPL	-	-	(7,171,473)	-	7,171,473	-
Recognition of SLFRS 9- Expected credit losses	-	-	-	-	-	-
Loans and receivable to customers	-	-	-	-	(405,863,937)	(405,863,937)
Other financial investments	-	-	-	-	(34,349)	(34,349)
Adjustment on initial application of SLFRS 15						
Remeasurements of loan protection fee	-	-	-	-	(57,622,690)	(57,622,690)
Restated balance as at 1st April 2018	1,587,862,680	369,997,079	-	-	2,562,451,198	4,520,310,957
Total comprehensive income for the period	-	-	-	-	-	-
Profit for the period	-	-	-	-	885,957,685	885,957,685
Other comprehensive income, net of tax	-	-	-	3,893,597	2,874,461	6,768,058
Total comprehensive income for the period	-	-	-	3,893,597	888,832,146	892,725,743
<i>Transactions with equity holders recognised directly in equity</i>						
Transfers to reserves	-	50,000,000	-	-	(50,000,000)	-
Dividends paid	-	-	-	-	(228,296,442)	(228,296,442)
Total contributions from and distribution to equity holders	-	50,000,000	-	-	(278,296,442)	(228,296,442)
Balance as at 31st March 2019 (Audited)	1,587,862,680	419,997,079	-	3,893,597	3,172,986,902	5,184,740,258
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	-	-	-	-	(37,442,580)	(37,442,580)
Restated balance as at 1st April 2019	1,587,862,680	419,997,079	-	3,893,597	3,135,544,322	5,147,297,678
Total comprehensive income for the period	-	-	-	-	-	-
Profit for the period	-	-	-	-	346,840,677	346,840,677
Other comprehensive income, net of tax	-	-	-	-	(17,037,844)	(17,037,844)
Total comprehensive income for the period	-	-	-	-	329,802,833	329,802,833
<i>Transactions with equity holders recognised directly in equity</i>						
Transfers to reserves	-	17,000,000	-	-	(17,000,000)	-
Dividends paid	-	-	-	-	(68,851,308)	(68,851,308)
Total contributions from and distribution to equity holders	-	17,000,000	-	-	(85,851,308)	(68,851,308)
Balance as at 31st March 2020	1,587,862,680	436,997,079	-	3,893,597	3,379,495,847	5,408,249,203

Figures in brackets in 2020 and 2019 columns indicate deductions.
The above figures are provisional and subject to audit, unless stated otherwise.

Statement of cash flows

For the year ended 31st March	Company		Group	
	2020	2019	2020	2019
	Rs.	(Audited) Rs.	Rs.	(Audited) Rs.
Cash flows from operating activities				
Interest and commission receipts	6,543,231,914	7,072,819,200	6,669,494,683	7,207,872,153
Interest payments	(3,550,224,816)	(3,840,510,938)	(3,547,912,028)	(3,835,607,722)
Recoveries of bad debts	50,312,434	39,267,215	50,312,434	39,267,215
Other operating income	34,671,386	66,355,347	34,371,388	66,055,347
Operating expenditure	(1,052,708,583)	(1,216,896,497)	(1,057,769,142)	(1,222,031,127)
Cash payments to employees	(643,970,245)	(683,434,961)	(649,048,641)	(687,971,798)
Operating cash flow before changes in operating assets and liabilities (Note A)	1,381,312,090	1,437,599,366	1,499,448,694	1,567,584,068
Changes in operating assets and liabilities				
Net funds received from / (advanced to) customers	1,536,440,244	(2,019,279,877)	1,536,210,244	(2,019,279,877)
Deposits from customers	1,187,184,435	501,842,256	1,191,893,862	492,106,145
Deposits with licensed commercial banks	466,126,522	(762,646,607)	466,126,522	(762,646,607)
Government and other securities	424,541,670	1,307,195,058	424,541,670	1,307,195,058
Other assets	39,432,374	433,926,542	51,412,533	454,708,688
Other liabilities	(43,360,744)	(64,184,147)	(40,462,001)	(55,316,635)
	<u>3,610,364,501</u>	<u>(603,146,775)</u>	<u>3,629,722,830</u>	<u>(583,233,228)</u>
Net cash flow from operating activities before taxation	4,991,676,591	834,452,591	5,129,171,524	984,350,840
Taxes paid	(379,871,869)	(212,912,996)	(427,010,673)	(281,058,502)
Gratuity paid	(8,403,462)	(4,476,559)	(10,403,462)	(4,476,559)
Net cash generated from operating activities	4,603,401,260	617,063,036	4,691,757,389	698,815,779
Cash flows from investing activities				
Acquisition of subsidiary	(26,729,599)	-	(9,936,414)	-
Investment in shares of subsidiary	(5,000,001)	-	-	-
Net investment in trading securities	(200,315,219)	2,035,578	(200,315,219)	2,035,578
Dividends received on investments	74,747,701	81,714,358	3,367,701	2,594,364
Purchase of property, plant and equipment	(190,938,699)	(931,679,658)	(191,264,099)	(931,716,378)
Purchase of intangible assets	(14,730,063)	(597,720)	(14,730,063)	(597,720)
Proceeds from sale of property, plant and equipment	32,771,039	114,880,623	32,771,039	114,880,623
Addition of Right of use assets	(47,837,813)	-	(47,837,813)	-
Net cash used in investing activities	(378,032,654)	(733,646,819)	(427,944,868)	(812,803,533)
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	1,000,000,000	7,300,000,000	1,000,000,000	7,300,000,000
Repayment of loans	(5,876,471,389)	(5,322,082,694)	(5,876,471,389)	(5,322,082,694)
Settlement of lease creditors	(111,874,647)	-	(111,874,647)	-
Dividends paid	(67,323,023)	(227,215,190)	(67,323,023)	(227,215,190)
Net cash (used in) / generated from financing activities	(3,495,189,059)	103,432,116	(3,495,189,059)	103,432,116

Figures in brackets in 2020 and 2019 columns indicate deductions.

The above figures are provisional and subject to audit, unless stated otherwise.

Statement of cash flows (Continued)

For the year ended 31st March	Company		Group	
	2020	2019	2020	2019
	Rs.	(Audited) Rs.	Rs.	(Audited) Rs.
Net increase / (decrease) in cash and cash equivalents	730,179,547	(13,151,667)	768,623,462	(10,555,638)
Cash and cash equivalents at the beginning of the year	668,923,873	682,075,540	672,845,585	683,401,223
Cash and cash equivalents at the end of the year	1,399,103,420	668,923,873	1,441,469,047	672,845,585
Reconciliation of cash and cash equivalents				
Cash and cash equivalents (Note B)	1,966,600,232	720,860,722	2,008,965,859	724,782,434
Bank overdrafts	(567,496,812)	(51,936,849)	(567,496,812)	(51,936,849)
	1,399,103,420	668,923,873	1,441,469,047	672,845,585
Note A				
Reconciliation of operating profit				
Profit before income tax	543,244,386	929,283,773	606,225,428	913,902,042
Depreciation and amortisation	488,955,190	333,295,971	490,178,556	334,505,536
Dividend receipts on investments	(74,747,701)	(81,714,358)	(3,367,701)	(2,594,358)
Profit on disposal of property, plant and equipment	(13,468,382)	(45,580,900)	(13,468,382)	(45,580,900)
Provision for defined benefit plan	26,084,404	17,939,458	26,470,702	18,156,112
Impairment charge on financial assets	348,608,126	342,572,107	348,608,126	342,572,107
Impairment of intangible assets	-	-	-	64,820,214
Impairment of investment in Subsidiary	17,752,588	-	-	-
Loan losses and write offs	56,880,817	30,057,680	56,880,817	30,057,680
Loss on disposal of Right of Use assets	(820,394)	-	(820,394)	-
(Gain) / loss on mark to market valuation of shares	(21,210,807)	22,136,573	(21,292,321)	22,136,573
(Gain) / loss on sale of shares	134,828	(2,289,975)	134,828	(2,289,975)
Loss on foreign currency balances	-	90	-	90
Interest on Lease creditors	42,858,871	-	42,858,871	-
Interest accrued on loans and advances	(118,693,440)	(27,121,470)	(118,693,440)	(27,121,470)
Accrued interest on borrowings	(23,241,158)	(60,401,797)	(23,241,158)	(60,401,797)
Accrued interest on debentures	108,974,762	(20,577,786)	108,974,762	(20,577,786)
	1,381,312,090	1,437,599,366	1,499,448,694	1,567,584,068
Note B				
Cash and cash equivalents				
Gross cash and cash equivalents *	1,966,600,232	720,860,722	2,008,965,859	724,782,434
Less: Allowance for impairment losses	(56,617)	(7,125)	(56,617)	(7,125)
Net cash and cash equivalents	1,966,543,615	720,853,597	2,008,909,242	724,775,309

*Gross cash and cash equivalents are reported in the Statement of Cash Flows.

Figures in brackets in 2020 and 2019 columns indicate deductions.
The above figures are provisional and subject to audit, unless stated otherwise.

Segment report

<i>As at 31st March</i>	Leasing & Hire purchase		Pawning advances		Other Advances		Investments		Insurance Brokering		Unallocated		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue														
<i>External customers</i>														
Interest	5,578,054,116	5,783,112,980	255,067,304	246,654,396	384,043,761	607,684,069	361,882,952	359,570,025	-	-	-	-	6,579,048,133	6,997,021,470
Trading	-	-	-	-	-	-	21,157,493	(19,846,598)	-	-	63,630	143,728	21,221,123	(19,702,870)
Commissions	-	-	-	-	-	-	-	-	125,895,999	133,718,554	-	-	125,895,999	133,718,554
Rent	-	-	-	-	-	-	18,627,660	18,630,755	-	-	-	-	18,627,660	18,630,755
Dividends	-	-	-	-	-	-	3,367,701	2,594,358	-	-	-	-	3,367,701	2,594,358
Other income	38,455,428	42,514,365	-	-	-	-	13,468,382	45,580,900	-	-	60,468,661	109,020,008	112,392,471	197,115,273
Total revenue	5,616,509,544	5,825,627,345	255,067,304	246,654,396	384,043,761	607,684,069	418,504,188	406,529,440	125,895,999	133,718,554	60,532,291	109,163,736	6,860,553,087	7,329,377,540
Profit before tax													606,225,428	913,902,042
Taxation													(259,384,751)	(27,944,357)
Profit after tax													<u>346,840,677</u>	<u>885,957,685</u>
Segment Assets	<u>24,366,105,193</u>	<u>25,916,966,738</u>	<u>1,160,321,867</u>	<u>1,196,462,693</u>	<u>1,720,168,076</u>	<u>1,956,319,278</u>	<u>5,507,877,758</u>	<u>6,328,604,323</u>	<u>29,853,885</u>	<u>8,549,405</u>	<u>2,468,195,653</u>	<u>945,969,720</u>	<u>35,252,522,432</u>	<u>36,352,872,157</u>
Segment Liabilities	<u>24,874,071,720</u>	<u>25,220,924,598</u>	<u>1,129,627,282</u>	<u>1,067,842,407</u>	<u>1,700,830,734</u>	<u>2,630,850,409</u>	<u>1,853,447,075</u>	<u>1,759,990,426</u>	<u>17,411,821</u>	<u>15,073,590</u>	<u>268,884,597</u>	<u>473,450,469</u>	<u>29,844,273,229</u>	<u>31,168,131,899</u>
Information on Cash flows														
Operating activities	3,732,336,970	790,630,334	173,548,445	21,336,399	278,366,317	323,944,701	883,508,788	(270,472,579)	85,471,586	77,149,527	(461,474,717)	(243,772,603)	4,691,757,389	698,815,779
Investing activities	-	-	-	-	-	-	(206,883,932)	4,629,942	(325,400)	-	(15,066,774)	114,880,624	(222,276,106)	119,510,566
Capital expenditure	(142,276,179)	(664,802,642)	(6,775,238)	(30,690,766)	(10,044,237)	(50,182,039)	(32,161,061)	(162,336,624)	-	(36,720)	(14,412,047)	(24,265,308)	(205,668,762)	(932,314,099)
Financing activities	-	-	-	-	-	-	-	-	-	-	(3,495,189,059)	103,432,116	(3,495,189,059)	103,432,116
Net cash flow	<u>3,590,060,791</u>	<u>125,827,692</u>	<u>166,773,207</u>	<u>(9,354,367)</u>	<u>268,322,080</u>	<u>273,762,662</u>	<u>644,463,795</u>	<u>(428,179,261)</u>	<u>85,146,186</u>	<u>77,112,807</u>	<u>(3,986,142,597)</u>	<u>(49,725,171)</u>	<u>768,623,462</u>	<u>(10,555,638)</u>
Depreciation and amortisation	(287,756,886)	(284,847,518)	(13,703,077)	(13,150,051)	(20,314,704)	(21,501,463)	(3,400,000)	(3,400,000)	(1,223,174)	(1,209,565)	(163,780,715)	(10,396,939)	(490,178,556)	(334,505,536)

Selected performance indicators

As at 31st March

2020

2019

Regulatory Capital Adequacy

Core Capital (Tier 1) Rs. '000	5,029,838	5,225,584
Total Capital Base (Tier 1 and 2) Rs. '000	7,116,048	5,595,941
Core Capital Adequacy Ratio, as % of Risk Weighted Assets	14.76%	14.46%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets	20.88%	15.49%
Capital Funds to Deposit Liabilities Ratio	63.56%	52.92%

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	2,004,559	1,489,876
Gross Non-Performing Accommodations Ratio	7.03%	4.93%
Net Non-Performing Accommodations Ratio	2.61%	1.85%

Profitability

Interest Margin	8.80%	9.70%
Return on Assets (before Tax)	2.01%	3.24%
Return on Equity (after Tax)	6.01%	18.41%

Regulatory Liquidity (Rs. '000)

Required minimum amount of Liquid Assets	826,120	1,391,152
Available amount of Liquid Assets	3,429,094	4,017,149
Required minimum amount of Government Securities	732,956	1,092,624
Available amount of Government Securities	1,941,639	1,865,048

Computed as per CBSL guidelines

Debt

Debt-to-Equity ratio (times)	3.14	3.77
Interest cover (times)	1.15	1.25

Memorandum information

Number of employees	797	794
Number of branches	59	59
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 July 17, 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 July 17, 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.1.75 Bn	100%	N/A

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 March	2020	2019
6 month Treasury bill	7.25%	9.67%
4 year Treasury bond	9.60%	10.80%
5 year Treasury bond	9.70%	11.04%

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	31.03.2020
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	31.03.2020
1. Mr. P.P.K. Ikiriwatte	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	31.03.2020	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 March 31, 2020 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	31.03.2020	31.03.2019	Minimum Requirement
The float adjusted market capitalisation (Rs.)	1,042,884,032	1,393,011,618	Rs. 1 Bn
Public holding percentage	15.64%	15.64%	7.5%
No. of public shareholders	8	8	200

6.6 Information on Ratios and Share Prices

As at	31.03.2020	31.03.2019
Dividend per share (Rs.)	0.95	3.15
Net Assets per share (Rs.)	75.86	73.09
Market Prices (Rs.)		
- Highest price	Not traded	Not traded
- Lowest price	Not traded	Not traded
- Last traded price	Not traded	Not traded

Notes to the Financial Statements (Continued)

7 The impact of COVID-19 pandemic on the business/operations of the Company

The outbreak of COVID-19 has caused disruptions to business and economic activities creating a widespread uncertainty in the global economy. In Sri Lanka, several guidelines and instructions were issued by the government health authorities and the Central Bank of Sri Lanka which are strictly followed by the Company.

The Central Bank of Sri Lanka issued circulars and guidelines for financial institutions to offer concessions on financial obligations to individual customers and private businesses as a result of the adverse short-term impact on their sources of income. The relief measures include deferment of payment, restructuring, concessionary interest rate and waving off certain charges and fees. These are causing an adverse impact to the earnings, cash flows and liquidity positions of the Company.

However, management is continuously monitoring and assessing the impact of COVID-19 pandemic, on its financial performance, financial position and cash flows of the Company.

The Company has adopted the Temporary Practical Expedients clause of SLFRS 9 in assessing the impairment provision for March 2020. Accordingly, the probability of default was computed using the days past due in February 2020 and the qualitative indicators for the economic factor adjustment was changed accordingly.

8 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, other than those disclosed above.

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