



# Senkadagala Finance PLC

**Interim Financial Statement for the period ended  
31<sup>st</sup> December 2017**



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

**Senkadagala Finance PLC**

## Income statement

For the three months period ended 31st December	Company			Group		
	2017	2016	Change	2017	2016	Change
	Rs.	Rs.	%	Rs.	Rs.	%
Interest income	1,682,432,242	1,265,979,543	<b>32.9</b>	1,682,924,764	1,266,395,148	<b>32.9</b>
Interest expense	(891,533,038)	(648,980,580)	<b>37.4</b>	(890,481,538)	(648,282,177)	<b>37.4</b>
Net interest income	790,899,204	616,998,963	<b>28.2</b>	792,443,226	618,112,971	<b>28.2</b>
Fee and commission income	28,612,392	39,891,130	<b>(28.3)</b>	62,869,902	71,316,560	<b>(11.8)</b>
Fee and commission expense	(16,121,520)	(8,052,433)	<b>100.2</b>	(16,121,520)	(8,052,433)	<b>100.2</b>
Net fee and commission income	12,490,872	31,838,697	<b>(60.8)</b>	46,748,382	63,264,127	<b>(26.1)</b>
Net gain from trading	2,000	975,946	<b>(99.8)</b>	2,000	975,946	<b>(99.8)</b>
Net loss from financial instruments designated at fair value through profit or loss	(1,883,453)	(1,499,403)	<b>25.6</b>	(1,883,453)	(1,499,403)	<b>25.6</b>
Other operating income	26,277,131	27,602,055	<b>(4.8)</b>	30,191,831	31,154,055	<b>(3.1)</b>
Total operating income	827,785,754	675,916,258	<b>22.5</b>	867,501,986	712,007,696	<b>21.8</b>
Impairment charge on individual impairment	(5,117,341)	(16,016,272)	<b>(68.0)</b>	(5,117,341)	(16,016,272)	<b>(68.0)</b>
Impairment charge on collective impairment	(8,286,231)	(7,979,054)	<b>3.8</b>	(8,286,231)	(7,979,054)	<b>3.8</b>
Other loan losses reversal	6,593,048	15,704,623	<b>(58.0)</b>	6,593,048	15,704,623	<b>(58.0)</b>
Net operating income	820,975,230	667,625,555	<b>23.0</b>	860,691,462	703,716,993	<b>22.3</b>
Personnel expenses	(159,648,774)	(135,681,910)	<b>17.7</b>	(160,828,227)	(136,505,692)	<b>17.8</b>
Depreciation of property, plant and equipment	(74,288,770)	(63,159,378)	<b>17.6</b>	(75,339,494)	(64,443,808)	<b>16.9</b>
Amortization of intangible assets	(3,595,951)	(3,770,012)	<b>(4.6)</b>	(3,595,951)	(3,770,012)	<b>(4.6)</b>
Other expenses	(201,064,029)	(186,591,986)	<b>7.8</b>	(202,384,977)	(188,003,727)	<b>7.6</b>
Operating profit before value added tax on financial services	382,377,706	278,422,269	<b>37.3</b>	418,542,813	310,993,754	<b>34.6</b>
Value added tax on financial services	(59,525,367)	(42,942,500)	<b>38.6</b>	(59,525,367)	(42,942,500)	<b>38.6</b>
Profit before income tax	322,852,339	235,479,769	<b>37.1</b>	359,017,446	268,051,254	<b>33.9</b>
Income tax expense	(35,015,827)	(74,682,812)	<b>(53.1)</b>	(43,849,947)	(83,929,063)	<b>(47.8)</b>
Profit for the period	287,836,512	160,796,957	<b>79.0</b>	315,167,499	184,122,191	<b>71.2</b>
Earnings per share - Basic /Diluted	4.09	2.44	<b>67.9</b>	4.48	2.79	<b>60.6</b>

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

### *Statement of other comprehensive income*

<i>For the three months period ended 31st December</i>	Company			Group		
	2017	2016	Change	2017	2016	Change
	Rs.	Rs.	%	Rs.	Rs.	%
Profit for the period	287,836,512	160,796,957	<b>79.0</b>	315,167,499	184,122,191	<b>71.2</b>
<b>Other comprehensive income</b>						
<b>Items that are or may be reclassified to profit or loss</b>						
Net change in fair value of available for sale financial assets	544,012	(1,559,448)	<b>(134.9)</b>	544,012	(1,559,448)	<b>(134.9)</b>
Reclassification adjustment for gain included in the income statement	-	-	-	-	-	-
	544,012	(1,559,448)	<b>(134.9)</b>	544,012	(1,559,448)	<b>(134.9)</b>
Other comprehensive income for the period net of tax	544,012	(1,559,448)	<b>(134.9)</b>	544,012	(1,559,448)	<b>(134.9)</b>
Total comprehensive income for the period net of tax	288,380,524	159,237,509	<b>81.1</b>	315,711,511	182,562,743	<b>72.9</b>

*Figures in brackets indicate deductions.*

*The above figures are provisional and subject to audit*

## Income statement

For the period ended 31st December	Company			Group		
	2017 Rs.	2016 Rs.	Change %	2017 Rs.	2016 Rs.	Change %
Interest income	4,751,637,265	3,470,574,530	<b>36.9</b>	4,753,173,039	3,471,796,372	<b>36.9</b>
Interest expense	(2,528,759,448)	(1,689,867,680)	<b>49.6</b>	(2,525,613,722)	(1,687,781,948)	<b>49.6</b>
Net interest income	2,222,877,817	1,780,706,850	<b>24.8</b>	2,227,559,317	1,784,014,424	<b>24.9</b>
Fee and commission income	87,635,333	116,965,439	<b>(25.1)</b>	190,112,550	202,174,487	<b>(6.0)</b>
Fee and commission expense	(23,556,561)	(14,980,574)	<b>57.2</b>	(23,556,561)	(14,980,574)	<b>57.2</b>
Net fee and commission income	64,078,772	101,984,865	<b>(37.2)</b>	166,555,989	187,193,913	<b>(11.0)</b>
Net gain from trading	1,307,600	4,186,893	<b>(68.8)</b>	1,307,600	4,186,893	<b>(68.8)</b>
Net loss from financial instruments designated at fair value through profit or loss	2,472,636	(2,441,145)	<b>(201.3)</b>	2,472,636	(2,441,145)	<b>(201.3)</b>
Other operating income	113,410,650	90,961,127	<b>24.7</b>	75,062,950	66,517,127	<b>12.8</b>
Total operating income	2,404,147,475	1,975,398,590	<b>21.7</b>	2,472,958,492	2,039,471,212	<b>21.3</b>
Impairment (charge) / reversal on individual impairment	(11,636,906)	515,721	<b>(2,356.4)</b>	(11,636,906)	515,721	<b>(2,356.4)</b>
Impairment charge on collective impairment	(51,111,735)	(13,762,382)	<b>271.4</b>	(51,111,735)	(13,762,382)	<b>271.4</b>
Other loan losses reversal	35,629,924	35,847,274	<b>(0.6)</b>	35,629,924	35,847,274	<b>(0.6)</b>
Net operating income	2,377,028,758	1,997,999,203	<b>19.0</b>	2,445,839,775	2,062,071,825	<b>18.6</b>
Personnel expenses	(454,815,725)	(379,872,324)	<b>19.7</b>	(458,028,430)	(382,844,125)	<b>19.6</b>
Depreciation of property, plant and equipment	(216,988,025)	(182,972,400)	<b>18.6</b>	(220,150,891)	(186,653,721)	<b>17.9</b>
Amortization of intangible assets	(11,079,573)	(10,768,381)	<b>2.9</b>	(11,079,573)	(10,768,381)	<b>2.9</b>
Other expenses	(603,428,839)	(522,648,746)	<b>15.5</b>	(607,046,282)	(526,010,884)	<b>15.4</b>
Operating profit before value added tax on financial services	1,090,716,596	901,737,352	<b>21.0</b>	1,149,534,599	955,794,714	<b>20.3</b>
Value added tax on financial services	(167,455,027)	(116,193,868)	<b>44.1</b>	(167,455,027)	(116,193,868)	<b>44.1</b>
Profit before income tax	923,261,569	785,543,484	<b>17.5</b>	982,079,572	839,600,846	<b>17.0</b>
Income tax expense	(217,615,420)	(240,587,306)	<b>(9.5)</b>	(251,098,709)	(269,752,922)	<b>(6.9)</b>
Profit for the period	705,646,149	544,956,178	<b>29.5</b>	730,980,863	569,847,924	<b>28.3</b>
Earnings per share - Basic /Diluted	10.04	8.26	<b>21.5</b>	10.40	8.64	<b>20.4</b>

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

**Statement of other comprehensive income**

<i>For the period ended 31st December</i>	<b>Company</b>			<b>Group</b>		
	<b>2017</b>	<b>2016</b>	<b>Change</b>	<b>2017</b>	<b>2016</b>	<b>Change</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>%</b>	<b>Rs.</b>	<b>Rs.</b>	<b>%</b>
Profit for the period	705,646,149	544,956,178	<b>29.5</b>	730,980,863	569,847,924	<b>28.3</b>
<b>Other comprehensive income</b>						
<b>Items that are or may be reclassified to profit or loss</b>						
Net change in fair value of available for sale financial assets	4,274,430	2,367,677	<b>80.5</b>	4,274,430	2,367,677	<b>80.5</b>
Reclassification adjustment for gain included in the income statement	(1,305,600)	-	<b>(100.0)</b>	(1,305,600)	-	<b>(100.0)</b>
	<u>2,968,830</u>	<u>2,367,677</u>	<u><b>25.4</b></u>	<u>2,968,830</u>	<u>2,367,677</u>	<u><b>25.4</b></u>
Other comprehensive income for the period net of	<u>2,968,830</u>	<u>2,367,677</u>	<u><b>25.4</b></u>	<u>2,968,830</u>	<u>2,367,677</u>	<u><b>25.4</b></u>
Total comprehensive income for the period net of	<u>708,614,979</u>	<u>547,323,855</u>	<u><b>29.5</b></u>	<u>733,949,693</u>	<u>572,215,601</u>	<u><b>28.3</b></u>

*Figures in brackets indicate deductions.*

*The above figures are provisional and subject to audit*

## Statement of financial position

As at	Company			Group		
	31.12.2017 Rs.	31.03.2017 Rs.	31.12.2016 Rs.	31.12.2017 Rs.	31.03.2017 Rs.	31.12.2016 Rs.
<b>Assets</b>						
Cash and cash equivalents	1,202,654,144	604,224,835	374,172,712	1,237,737,919	620,729,074	400,044,613
Deposits with licensed commercial banks	1,923,438,102	2,424,623,839	2,661,311,790	1,923,438,102	2,424,623,839	2,661,311,790
Repurchase agreements	402,208,901	1,000,000,000	505,977,566	402,208,901	1,000,000,000	505,977,566
Financial assets held at fair value through profit or loss	85,678,620	80,032,551	83,607,783	85,678,620	80,032,551	83,607,783
Finance leases	23,142,706,454	20,014,694,207	18,516,546,570	23,142,706,454	20,014,694,207	18,516,546,570
Hire purchases	242,266,211	645,872,482	890,519,075	242,266,211	645,872,482	890,519,075
Other loans and receivables	3,954,842,698	3,097,021,373	2,546,920,814	3,954,842,698	3,097,021,373	2,546,920,814
Financial assets available for sale	108,974,551	79,700,121	79,743,706	108,974,551	79,700,121	79,743,706
Financial assets held to maturity	947,589,460	894,901,371	873,512,878	947,589,460	894,901,371	873,512,878
Investments in subsidiaries	320,000,000	320,000,000	320,000,000	-	-	-
Investment property	78,721,895	78,721,895	78,797,654	270,852,667	273,106,521	273,933,564
Property, plant and equipment	1,360,883,224	1,367,244,075	1,231,369,963	1,365,905,910	1,373,175,773	1,238,775,121
Intangible assets	59,845,280	70,924,853	73,770,335	124,665,494	135,745,067	138,590,549
Amounts due from related company	-	25,976	-	-	-	-
Current tax recoverable	48,011,206	64,822,514	12,046,853	35,089,401	46,858,845	-
Other assets	714,268,699	176,016,521	333,359,556	714,637,728	176,489,334	333,477,190
<b>Total assets</b>	<b>34,592,089,445</b>	<b>30,918,826,613</b>	<b>28,581,657,255</b>	<b>34,556,594,116</b>	<b>30,862,950,558</b>	<b>28,542,961,219</b>
<b>Liabilities</b>						
Due to banks	6,682,202,969	6,980,977,714	7,123,703,223	6,709,725,425	6,984,829,734	7,130,977,520
Deposits from customers	9,308,250,147	7,230,872,565	7,215,523,656	9,261,352,541	7,204,514,552	7,189,854,754
Other borrowings	8,206,337,888	6,762,753,851	3,720,798,740	8,206,337,888	6,762,753,851	3,720,798,740
Debt securities issued	3,026,357,523	3,683,045,483	4,380,058,141	3,026,357,523	3,683,045,483	4,380,058,141
Subordinated debentures	1,272,876,786	1,309,740,125	1,309,266,117	1,272,876,786	1,309,740,125	1,309,266,117
Deferred tax liabilities	717,339,901	607,702,150	567,765,341	720,458,104	610,885,348	570,891,605
Amounts payable to related company	7,743,005	-	2,912,745	-	-	-
Current tax liabilities	-	-	-	-	-	351,340
Other liabilities	497,374,718	603,617,339	781,752,059	505,338,851	611,964,611	788,884,020
Employee benefits	67,798,783	78,499,749	66,388,156	68,254,047	78,848,705	66,704,603
<b>Total liabilities</b>	<b>29,786,281,720</b>	<b>27,257,208,976</b>	<b>25,168,168,178</b>	<b>29,770,701,165</b>	<b>27,246,582,409</b>	<b>25,157,786,840</b>
<b>Equity</b>						
Stated capital	1,587,862,680	1,008,062,200	1,008,062,200	1,587,862,680	1,008,062,200	1,008,062,200
Statutory reserve fund	310,036,033	310,036,033	265,036,033	310,190,064	310,190,064	265,059,033
Available for sale reserve	7,330,013	4,361,183	6,142,263	7,330,013	4,361,183	6,142,263
Retained earnings	2,900,578,999	2,339,158,221	2,134,248,581	2,880,510,194	2,293,754,702	2,105,910,883
<b>Total equity</b>	<b>4,805,807,725</b>	<b>3,661,617,637</b>	<b>3,413,489,077</b>	<b>4,785,892,951</b>	<b>3,616,368,149</b>	<b>3,385,174,379</b>
<b>Total liabilities and equity</b>	<b>34,592,089,445</b>	<b>30,918,826,613</b>	<b>28,581,657,255</b>	<b>34,556,594,116</b>	<b>30,862,950,558</b>	<b>28,542,961,219</b>
<b>Net assets per share</b>	<b>66.31</b>	<b>56.14</b>	<b>52.33</b>	<b>66.04</b>	<b>55.44</b>	<b>51.90</b>

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  
26th January 2018

Sgd.

L Balasuriya  
Chief Executive Officer/Managing Director

## Statement of changes in equity

	Stated capital	Statutory reserve fund	Available-for-sale reserve	Retained earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Company</b>					
Balance as at 1st April 2016	1,008,062,200	265,036,033	3,774,586	1,716,486,135	2,993,358,954
Total comprehensive income for the period					
Profit for the period	-	-	-	544,956,178	544,956,178
Other comprehensive income, net of tax	-	-	2,367,677	-	2,367,677
Total comprehensive income for the period	-	-	2,367,677	544,956,178	547,323,855
<i>Transactions with equity holders recognized directly in equity</i>					
Dividends paid	-	-	-	(127,193,732)	(127,193,732)
Balance as at 31st December 2016	<u>1,008,062,200</u>	<u>265,036,033</u>	<u>6,142,263</u>	<u>2,134,248,581</u>	<u>3,413,489,077</u>
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					
Profit for the period	-	-	-	705,646,149	705,646,149
Other comprehensive income, net of tax	-	-	2,968,830	-	2,968,830
Total comprehensive income for the period	-	-	2,968,830	705,646,149	708,614,979
<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>2,900,578,999</u>	<u>4,805,807,725</u>
<b>Group</b>					
Balance as at 1st April 2016	1,008,062,200	265,059,033	3,774,586	1,663,256,691	2,940,152,510
Total comprehensive income for the period					
Profit for the period	-	-	-	569,847,924	569,847,924
Other comprehensive income, net of tax	-	-	2,367,677	-	2,367,677
Total comprehensive income for the period	-	-	2,367,677	569,847,924	572,215,601
<i>Transactions with equity holders recognized directly in equity</i>					
Dividends paid	-	-	-	(127,193,732)	(127,193,732)
Balance as at 31st December 2016	<u>1,008,062,200</u>	<u>265,059,033</u>	<u>6,142,263</u>	<u>2,105,910,883</u>	<u>3,385,174,379</u>
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	-	-	-	730,980,863	730,980,863
Other comprehensive income, net of tax	-	-	2,968,830	-	2,968,830
Total comprehensive income for the period	-	-	2,968,830	730,980,863	733,949,693
<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>2,880,510,194</u>	<u>4,785,892,951</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	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
<b>Cash flows from operating activities</b>				
Interest and commission receipts	4,415,520,946	3,501,744,335	4,519,533,937	3,588,175,229
Interest payments	(2,609,107,004)	(1,507,976,902)	(2,605,961,278)	(1,505,891,170)
Recoveries of bad debts	44,074,716	57,279,009	44,074,716	57,279,009
Other operating income	9,711,483	5,042,953	17,713,783	15,698,953
Operating expenditure	(801,938,835)	(665,087,337)	(805,556,278)	(668,449,479)
Cash payments to employees	(445,526,000)	(370,582,600)	(448,632,397)	(373,456,886)
<b>Operating cash flow before changes in operating assets and liabilities (Note A)</b>	<b>612,735,306</b>	<b>1,020,419,458</b>	<b>721,172,483</b>	<b>1,113,355,656</b>
<b>Changes in operating assets and liabilities</b>				
Net funds advanced to customers	(3,222,170,674)	(4,983,465,296)	(3,222,170,674)	(4,983,465,296)
Deposits from customers	2,077,377,582	705,490,550	2,056,837,989	703,843,833
Deposits with licensed commercial banks	510,533,769	(1,411,440,432)	510,533,769	(1,411,440,432)
Government and other securities	545,103,010	425,164,991	545,103,010	425,164,991
Other assets	(530,483,197)	(98,384,000)	(538,148,394)	(108,172,745)
Other liabilities	(89,283,613)	275,752,815	(93,668,854)	269,140,040
	(708,923,123)	(5,086,881,372)	(741,513,154)	(5,104,929,609)
<b>Net cash flow from operating activities before taxation</b>	<b>(96,187,817)</b>	<b>(4,066,461,914)</b>	<b>(20,340,671)</b>	<b>(3,991,573,953)</b>
Taxes paid	(108,760,162)	(115,018,183)	(143,348,208)	(144,493,781)
Gratuity paid	(19,990,691)	(2,342,280)	(19,990,691)	(2,342,280)
<b>Net cash used in operating activities</b>	<b>(224,938,670)</b>	<b>(4,183,822,377)</b>	<b>(183,679,570)</b>	<b>(4,138,410,014)</b>
<b>Cash flows from investing activities</b>				
Net investment in trading securities	(3,171,433)	(600,958)	(3,171,433)	(600,958)
Net investment in financial assets available for sale	(25,000,000)	(60,000,000)	(25,000,000)	(60,000,000)
Dividends received on investments	48,815,594	37,359,369	2,465,594	2,259,369
Purchase of property, plant and equipment	(254,009,752)	(407,850,647)	(254,009,752)	(414,254,417)
Purchase of intangible assets	-	(15,979,771)	-	(15,979,771)
Proceeds from sale of property, plant and equipment	98,266,199	89,373,994	98,266,199	89,373,994
<b>Net cash used in investing activities</b>	<b>(135,099,392)</b>	<b>(357,698,013)</b>	<b>(181,449,392)</b>	<b>(399,201,783)</b>
<b>Cash flows from financing activities</b>				
Proceeds from rights issue	579,800,480	-	579,800,480	-
Securitized loans obtained	3,900,000,000	4,250,000,000	3,900,000,000	4,250,000,000
Repayment of loans	(3,114,968,250)	(2,149,929,700)	(3,114,968,250)	(2,149,929,700)
Debentures issued	-	3,000,000,000	-	3,000,000,000
Redemption of debenture	(585,753,500)	(433,246,500)	(585,753,500)	(433,246,500)
Dividends paid	(143,590,578)	(126,578,731)	(143,590,578)	(126,578,731)
<b>Net cash generated from financing activities</b>	<b>635,488,152</b>	<b>4,540,245,069</b>	<b>635,488,152</b>	<b>4,540,245,069</b>

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

*Statement of cash flows (Continued)*

<i>For the period ended 31st December</i>	<b>Company</b>		<b>Group</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
Net increase/ (decrease) in cash and cash equivalents	275,450,090	(1,275,321)	270,359,190	2,633,272
Cash and cash equivalents at the beginning of the period	433,920,646	298,162,589	446,572,865	312,851,600
Cash and cash equivalents at the end of the period	<u>709,370,736</u>	<u>296,887,268</u>	<u>716,932,055</u>	<u>315,484,872</u>
<b>Reconciliation of cash and cash equivalents</b>				
Cash and cash equivalents	1,202,654,144	374,172,712	1,237,737,919	400,044,613
Bank overdrafts	(493,283,408)	(77,285,444)	(520,805,864)	(84,559,741)
	<u>709,370,736</u>	<u>296,887,268</u>	<u>716,932,055</u>	<u>315,484,872</u>
<b>Note A</b>				
<b>Reconciliation of operating profit</b>				
Profit before income tax	923,261,569	785,543,484	982,079,572	839,600,846
Depreciation	228,067,598	193,740,781	231,230,464	197,422,102
Dividend receipts on investments	(48,815,594)	(37,359,369)	(2,465,594)	(2,259,369)
Profit on disposal of motor vehicles	(54,883,621)	(48,558,865)	(54,883,621)	(48,558,865)
Provision for defined benefit plan	9,289,725	9,289,724	9,396,033	9,387,239
Impairment charge on financial assets	62,748,641	13,246,661	62,748,641	13,246,661
Loan losses and write offs	946,384	10,167,586	946,384	10,167,586
(Gain) / Loss on mark to market valuation of shares	(2,472,636)	2,441,145	(2,472,636)	2,441,145
Gain on sale of shares	(2,000)	(3,210,947)	(2,000)	(3,210,947)
Gains from available for sale financial assets	(1,305,600)	(975,946)	(1,305,600)	(975,946)
Loss on foreign currency balances	48	60	48	60
Interest accrued on loans and advances	(423,751,652)	(85,795,633)	(423,751,652)	(85,795,633)
Accrued interest on borrowings	27,450,243	119,168,695	27,450,243	119,168,695
Accrued interest on debentures	(107,797,799)	62,722,082	(107,797,799)	62,722,082
	<u>612,735,306</u>	<u>1,020,419,458</u>	<u>721,172,483</u>	<u>1,113,355,656</u>

*Figures in brackets indicate deductions.*

*The above figures are provisional and subject to audit*

<b>Segment report</b>																	
As at 31st December	Leasing		Hire Purchases		Pawning advances		Other Advances		Investments		Insurance Brokering		Unallocated		Total		
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
<b>Revenue</b>																	
<i>External customers</i>																	
Interest	3,626,485,961	2,634,329,323	127,905,149	346,217,946	124,435,250	49,583,091	599,356,252	224,949,254	274,990,427	216,716,758	-	-	-	-	4,753,173,039	3,471,796,372	
Trading	-	-	-	-	-	-	-	-	3,780,236	1,745,748	-	-	63,302	68,557	3,843,538	1,814,305	
Commissions	-	-	-	-	-	-	-	-	-	-	102,573,729	85,255,481	-	-	102,573,729	85,255,481	
Rent	-	-	-	-	-	-	-	-	15,317,300	13,496,000	-	-	-	-	15,317,300	13,496,000	
Dividends	-	-	-	-	-	-	-	-	2,465,594	2,259,369	-	-	-	-	2,465,594	2,259,369	
Other income	34,463,104	60,018,897	-	-	-	-	-	-	54,883,621	48,558,865	-	-	55,408,850	59,034,445	144,755,575	167,612,207	
<b>Total revenue</b>	<b>3,660,949,065</b>	<b>2,694,348,220</b>	<b>127,905,149</b>	<b>346,217,946</b>	<b>124,435,250</b>	<b>49,583,091</b>	<b>599,356,252</b>	<b>224,949,254</b>	<b>351,437,178</b>	<b>282,776,740</b>	<b>102,573,729</b>	<b>85,255,481</b>	<b>55,472,152</b>	<b>59,103,002</b>	<b>5,022,128,775</b>	<b>3,742,233,734</b>	
<b>Profit before tax</b>															<b>982,079,572</b>	<b>839,600,846</b>	
<b>Taxation</b>																<b>(251,098,709)</b>	<b>(269,752,922)</b>
<b>Profit after tax</b>																<b>730,980,863</b>	<b>569,847,924</b>
<b>Segment Assets</b>	<b>23,142,706,454</b>	<b>18,516,546,570</b>	<b>242,266,211</b>	<b>890,519,075</b>	<b>899,012,485</b>	<b>450,597,817</b>	<b>3,055,830,213</b>	<b>2,096,322,997</b>	<b>4,967,340,033</b>	<b>5,588,091,675</b>	<b>40,189,050</b>	<b>33,091,155</b>	<b>2,209,249,670</b>	<b>967,791,930</b>	<b>34,556,594,116</b>	<b>28,542,961,219</b>	
<b>Segment Liabilities</b>	<b>22,125,176,505</b>	<b>18,522,326,640</b>	<b>773,002,833</b>	<b>2,380,079,100</b>	<b>752,032,279</b>	<b>340,859,508</b>	<b>3,622,247,300</b>	<b>1,546,416,142</b>	<b>2,123,932,744</b>	<b>1,943,951,828</b>	<b>30,929,252</b>	<b>10,909,297</b>	<b>343,380,252</b>	<b>413,244,325</b>	<b>29,770,701,165</b>	<b>25,157,786,840</b>	
<b>Information on Cash flows</b>																	
Operating activities	(411,420,279)	(1,784,986,585)	207,270,170	291,948,857	(20,742,553)	(67,508,339)	(135,669,929)	(342,738,831)	542,253,563	(2,037,572,004)	30,100,055	32,670,036	(395,470,597)	(230,223,148)	(183,679,570)	(4,138,410,014)	
Investing activities	-	-	-	-	-	-	-	-	(25,705,839)	(58,341,589)	-	-	98,266,199	89,373,994	72,560,360	31,032,405	
Capital expenditure	(170,309,542)	(275,054,207)	(1,782,862)	(8,875,976)	(6,615,925)	(7,536,485)	(22,488,167)	(35,024,683)	(36,555,163)	(82,402,754)	-	-	(16,258,093)	(21,340,083)	(254,009,752)	(430,234,188)	
Financing activities	-	-	-	-	-	-	-	-	-	-	-	-	635,488,152	4,540,245,069	635,488,152	4,540,245,069	
<b>Net cash flow</b>	<b>(581,729,821)</b>	<b>(2,060,040,792)</b>	<b>205,487,308</b>	<b>283,072,881</b>	<b>(27,358,478)</b>	<b>(75,044,824)</b>	<b>(158,158,096)</b>	<b>(377,763,514)</b>	<b>479,992,561</b>	<b>(2,178,316,347)</b>	<b>30,100,055</b>	<b>32,670,036</b>	<b>322,025,661</b>	<b>4,378,055,832</b>	<b>270,359,190</b>	<b>2,633,272</b>	
<b>Depreciation and amortisation</b>	<b>(178,621,607)</b>	<b>(155,833,492)</b>	<b>(1,869,876)</b>	<b>(5,028,734)</b>	<b>(6,938,819)</b>	<b>(4,269,838)</b>	<b>(23,585,716)</b>	<b>(19,843,429)</b>	<b>-</b>	<b>(303,038)</b>	<b>(890,399)</b>	<b>(1,409,406)</b>	<b>(19,324,047)</b>	<b>(10,734,165)</b>	<b>(231,230,464)</b>	<b>(197,422,102)</b>	

Senkadagala Finance PLC

## ***Selected Performance Indicators***

<i>As at 31st December</i>	<b>2017</b>	<b>2016</b>	<b>Minimum Requirement</b>
<b>Regulatory Capital Adequacy</b>			
Core Capital (Tier 1) Rs. '000	4,237,057	2,989,584	
Total Capital Base (Tier 2) Rs. '000	4,721,223	3,718,046	
Core Capital Adequacy Ratio, as % of Risk Weighted Assets	14.40%	12.41%	5%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets	16.05%	15.44%	10%
Capital funds to Deposit Liabilities Ratio	51.63%	47.31%	
<b>Asset Quality (Quality of Loan Portfolio)</b>			
Gross Non-Performing Accommodations Rs. '000	612,873	450,555	
Gross Non-Performing Accommodations Ratio, %	2.21%	2.02%	
Net Non-Performing Accommodations Ratio, %	0.77%	0.47%	
<i>Computed as per CBSL guidelines (Net of IIS)</i>			
<b>Profitability</b>			
Interest Margin	10.19%	10.52%	
Return on Assets (Before Tax)	4.60%	4.89%	
Return on Equity (After Tax)	22.89%	23.36%	
<b>Regulatory Liquidity (Rs. '000)</b>			
Required minimum amount of Liquid Assets	1,528,778	1,395,497	10%
Available amount of Liquid Assets	3,527,596	3,677,606	
Required minimum amount of Government Securities	876,255	746,151	7.5%
Available amount of Government securities	1,168,593	1,201,685	
<i>Computed as per CBSL guidelines</i>			
<b>Debt</b>			
Debt-to-Equity ratio	3.89	4.82	
Interest cover	1.37	1.46	
<b>Memorandum information</b>			
Number of employees	719	633	
Number of branches	49	48	
Number of service centers	41	41	
Number of pawning centers	22	17	

*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, 2017 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 There were no material changes in the composition of assets, liabilities, contingent liabilities and the use of funds raised through the rights issue 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
2016/17	Third interim	0.60	39,136,533.00	April 7, 2017
2016/17	Final dividend	0.95	68,851,307.95	July 11, 2017
2017/18	First interim	0.50	36,237,530.50	November 1, 2017

### 5 Debenture Information

- 5.1 During the period, the company redeemed the senior unsecured redeemable listed debentures to the value of Rs.585.74 million.
- 5.2 Debenture issue -November 2016

Utilization of funds raised via capital market Debenture Issue as at January 26, 2018

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

### 5.3 Information on listed debenture

Type of Debenture	Last traded Rs.	Annual effective	Current yield	Yield to maturity
2 year - 12.50 % payable Semi- Annually	98.70	12.89%	14.11%	6.97%
3 year - 6 months gross T-bill rate + 1.50 % payable Semi-annually	Not traded	11.85%	Not traded	Not traded
3 year - 13.25 % payable Semi- Annually	Not traded	13.69%	Not traded	Not traded
4 year - 6 months gross T-bill rate + 1.75 % payable Semi-annually	Not traded	12.12%	Not traded	Not traded
4 year - 13.75 % payable Semi- Annually	100	14.22%	13.73%	6.88%
5 year - 15.00% payable quarterly	100.08	15.87%	14.89%	3.73%

### 5.4 Interest rate of comparable government securities

As at 31st December	2017	2016
6 month Treasury bill	8.30%	9.63%
2 year Treasury bond	9.30%	11.15%
3 year Treasury bond	9.55%	11.55%
4 year Treasury bond	9.70%	11.90%
5 year Treasury bond	9.80%	12.05%

## Notes to the Financial Statements (contd.)

### 6 Share information

#### 6.1 Directors' shareholdings

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

As at	31.12.2017
1. Dr. M. Balasuriya	4,172,046
2. Dr. A. Balasuriya & Mr. D. Balasuriya	2,086,023
3. Mr. L. Balasuriya & Mr. S. K. Balasuriya	2,086,023
4. Dr. A. Balasuriya & Mr. S. Balasuriya	2,086,022
5. Mr. L. Balasuriya & Ms. A. S. Balasuriya	2,086,022
6. Mrs. L. Fernando & Ms. S.A. Fernando	1,166,232
7. Mrs. L. Fernando & Mr. A. R. Fernando	1,166,231
8. Mrs. L. Fernando & Ms. A.L. Fernando	1,166,231
9. Mr. W. A. T. Fernando	Nil
10. Dr. P. Ramanujam	Nil
11. Mr. S. D. Bandaranayake	Nil
12. Mr. D.T.P.Collure	Nil
13. Mr. W.M.R.S. Dias	Nil
14. Mr. Senanayakege R. Pushpakumara	Nil

#### 6.2 Key Management Shareholdings

The number of shares held by the Key Management Personnel.

As at	31.12.2017
1. Mr. P.P.K. Ikiriwatta	16,977
2. Mr. J.K. Jayathilake	16,963

#### 6.3 Stated Capital

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

As at	31.12.2017	31.03.2017
Ordinary shares	72,475,061	65,227,555

The company made a rights issue of one (01) share for every (09) ordinary shares, at a price of Rs. 80.00 per share with the approval of Central bank of Sri Lanka and Colombo Stock Exchange during the month of April 2017.

## Notes to the Financial Statements (contd.)

6.4 The 20 largest shareholders of the company as at December 31, 2017 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
	<b>72,475,046</b>	

6.5 The percentage of shares held by the public on December 31, 2017 was 21.60% (2016 - 21.60%) and is distributed among 09 Shareholders (2016 - 10 Shareholders) .

6.6 Rights issue - April 2017

Utilization of funds raised via the Rights Issue as at January 26, 2018

Objective No	Objective as per Circular	Amount Allocated as per Circular in LKR	Proposed date of utilization as per Circular	Amount allocated from proceeds in LKR (A)	% of total proceeds	Amount utilized in LKR (B)	% of utilization against allocation (B/A)	Clarification if not fully utilized including where the funds are invested
1	Maintain a higher capital adequacy	LKR 579,800,480	31st March 2017	LKR 579,800,480	100%	LKR 579,800,480	100%	N/A
2	Increase the loan book	LKR 579,800,480	One month from receipt (i.e. 24th May 2017)	LKR 579,800,480	100%	LKR 579,800,480	100%	N/A

## Notes to the Financial Statements (contd.)

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### 6.7 Information on Ratios and Share Prices

As at	31.12.2017	31.12.2016
Dividend per share (Rs.)	2.05	1.95
Net Assets per share (Rs.)	66.31	52.33
Market Prices		
- Highest price	Not traded	Not traded
- Lowest price	Not traded	Not traded
- Last traded price	Not traded	Not traded

### 7 Events after the Reporting period

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