



# Senkadagala Finance PLC

**Interim Financial Statement for the period ended  
31<sup>st</sup> March 2018**



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

**Senkadagala Finance PLC**

## *Income statement*

<i>For the three months period ended 31st March</i>	Company			Group		
	2018	2017	Change	2018	2017	Change
	Rs.	Rs.	%	Rs.	Rs.	%
Interest income	1,721,816,572	1,355,137,916	<b>27.1</b>	1,722,331,231	1,355,750,107	<b>27.0</b>
Interest expense	(881,304,233)	(712,436,975)	<b>23.7</b>	(879,855,738)	(711,396,614)	<b>23.7</b>
Net interest income	840,512,339	642,700,941	<b>30.8</b>	842,475,493	644,353,493	<b>30.7</b>
Fee and commission income	27,993,423	21,698,815	<b>29.0</b>	69,495,650	56,437,192	<b>23.1</b>
Fee and commission expense	(12,968,907)	(8,378,751)	<b>54.8</b>	(12,968,907)	(8,378,751)	<b>54.8</b>
Net fee and commission income	15,024,516	13,320,064	<b>12.8</b>	56,526,743	48,058,441	<b>17.6</b>
Net gain from trading	5,844,960	1,737,495	<b>236.4</b>	5,844,960	1,737,495	<b>236.4</b>
Net loss from financial instruments designated at fair value through profit or loss	(457,181)	(3,575,232)	<b>(87.2)</b>	(457,181)	(3,575,232)	<b>(87.2)</b>
Other operating income	78,389,742	76,873,775	<b>2.0</b>	33,759,442	39,562,167	<b>(14.7)</b>
Total operating income	939,314,376	731,057,043	<b>28.5</b>	938,149,457	730,136,364	<b>28.5</b>
Impairment (charge)/reversal on individual impairment	(72,292,331)	42,609,300	<b>(269.7)</b>	(72,292,331)	42,609,300	<b>(269.7)</b>
Impairment (charge)/reversal on collective impairment	30,356,813	(54,935,264)	<b>(155.3)</b>	30,356,813	(54,935,264)	<b>(155.3)</b>
Other loan losses (charge) /reversal	13,530,766	(2,957,636)	<b>(557.5)</b>	13,530,766	(2,957,636)	<b>(557.5)</b>
Net operating income	910,909,624	715,773,443	<b>27.3</b>	909,744,705	714,852,764	<b>27.3</b>
Personnel expenses	(166,628,588)	(138,700,694)	<b>20.1</b>	(167,945,292)	(139,538,711)	<b>20.4</b>
Depreciation of property, plant and equipment	(72,920,086)	(68,260,061)	<b>6.8</b>	(73,985,722)	(69,342,781)	<b>6.7</b>
Amortization of intangible assets	(3,272,850)	(3,732,937)	<b>(12.3)</b>	(3,272,850)	(3,732,937)	<b>(12.3)</b>
Other expenses	(204,950,126)	(126,523,737)	<b>62.0</b>	(206,932,289)	(128,246,898)	<b>61.4</b>
Operating profit before value added tax on financial services	463,137,974	378,556,014	<b>22.3</b>	457,608,552	373,991,437	<b>22.4</b>
Value added tax on financial services	(47,632,855)	(44,966,379)	<b>5.9</b>	(47,632,855)	(44,966,379)	<b>5.9</b>
Profit before income tax	415,505,119	333,589,635	<b>24.6</b>	409,975,697	329,025,058	<b>24.6</b>
Income tax expense	(118,385,409)	(17,574,571)	<b>573.6</b>	(129,971,950)	(29,944,784)	<b>334.0</b>
Profit for the period	297,119,710	316,015,064	<b>(6.0)</b>	280,003,747	299,080,274	<b>(6.4)</b>
Earnings per share - Basic /diluted	4.33	4.79	<b>(9.7)</b>	4.08	4.53	<b>(10.1)</b>

*Figures in brackets indicate deductions.*

*The above figures are provisional and subject to audit*

## Statement of other comprehensive income

For the three months period ended 31st March	Company			Group		
	2018	2017	Change	2018	2017	Change
	Rs.	Rs.	%	Rs.	Rs.	%
Profit for the period	297,119,710	316,015,064	(6.0)	280,003,747	299,080,274	(6.4)
<b>Other comprehensive income</b>						
<b>Items that will not be reclassified to profit or loss</b>						
Actuarial loss on defined benefit plans	(6,400,199)	(9,821,118)	(34.8)	(6,400,199)	(9,821,118)	(34.8)
Deferred tax effect on actuarial loss	2,063,521	2,420,494	(14.7)	2,063,521	2,420,494	(14.7)
<b>Items that are or may be reclassified to profit or loss</b>						
Net change in fair value of available for sale financial assets	4,032,107	(3,340,528)	(220.7)	4,032,107	(3,340,528)	(220.7)
Reclassification adjustment for gain included in the income statement	(4,190,647)	-	(100.0)	(4,190,647)	-	(100.0)
	<u>(4,495,218)</u>	<u>(10,741,152)</u>	<u>(58.1)</u>	<u>(4,495,218)</u>	<u>(10,741,152)</u>	<u>(58.1)</u>
Other comprehensive income for the period net of tax	(4,495,218)	(10,741,152)	(58.1)	(4,495,218)	(10,741,152)	(58.1)
Total comprehensive income for the period net of tax	<u>292,624,492</u>	<u>305,273,912</u>	<u>(4.1)</u>	<u>275,508,529</u>	<u>288,339,122</u>	<u>(4.4)</u>

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

## Income statement

For the year ended 31st March	Company			Group		
	2018 Rs.	2017 Rs.	Change %	2018 Rs.	2017 Rs.	Change %
Interest income	6,473,453,837	4,825,712,446	<b>34.1</b>	6,475,504,270	4,827,546,479	<b>34.1</b>
Interest expense	(3,410,063,681)	(2,402,304,655)	<b>41.9</b>	(3,405,469,460)	(2,399,178,562)	<b>41.9</b>
Net interest income	3,063,390,156	2,423,407,791		3,070,034,810	2,428,367,917	
Fee and commission income	115,628,756	138,664,254	<b>(16.6)</b>	259,608,200	258,611,679	<b>0.4</b>
Fee and commission expense	(36,525,468)	(23,359,325)	<b>56.4</b>	(36,525,468)	(23,359,325)	<b>56.4</b>
Net fee and commission income	79,103,288	115,304,929	<b>(31.4)</b>	223,082,732	235,252,354	<b>(5.2)</b>
Net gain from trading	7,152,560	5,924,388	<b>20.7</b>	7,152,560	5,924,388	<b>20.7</b>
Net gain/(loss) from financial instruments designated at fair value through profit or loss	2,015,455	(6,016,377)	<b>(133.5)</b>	2,015,455	(6,016,377)	<b>(133.5)</b>
Other operating income	191,800,392	167,834,902	<b>14.3</b>	108,822,392	106,079,294	<b>2.6</b>
Total operating income	3,343,461,851	2,706,455,633	<b>23.5</b>	3,411,107,949	2,769,607,576	<b>23.2</b>
Impairment (charge) / reversal on individual impairment	(83,927,799)	43,125,021	<b>(294.6)</b>	(83,927,799)	43,125,021	<b>(294.6)</b>
Impairment charge on collective impairment	(20,742,492)	(68,697,646)	<b>(69.8)</b>	(20,742,492)	(68,697,646)	<b>(69.8)</b>
Other loan losses reversal	49,160,690	32,889,638	<b>49.5</b>	49,160,690	32,889,638	<b>49.5</b>
Net operating income	3,287,952,250	2,713,772,646	<b>21.2</b>	3,355,598,348	2,776,924,589	<b>20.8</b>
Personnel expenses	(621,444,313)	(518,573,018)	<b>19.8</b>	(625,973,722)	(522,382,836)	<b>19.8</b>
Depreciation of property, plant and equipment	(289,908,111)	(251,232,461)	<b>15.4</b>	(294,136,613)	(255,996,502)	<b>14.9</b>
Amortization of intangible assets	(14,352,423)	(14,501,318)	<b>(1.0)</b>	(14,352,423)	(14,501,318)	<b>(1.0)</b>
Other expenses	(808,985,203)	(649,172,483)	<b>24.6</b>	(814,715,564)	(654,257,782)	<b>24.5</b>
Operating profit before value added tax on financial services	1,553,262,200	1,280,293,366	<b>21.3</b>	1,606,420,026	1,329,786,151	<b>20.8</b>
Value added tax on financial services	(215,087,882)	(161,160,247)	<b>33.5</b>	(215,087,882)	(161,160,247)	<b>33.5</b>
Profit before income tax	1,338,174,318	1,119,133,119	<b>19.6</b>	1,391,332,144	1,168,625,904	<b>19.1</b>
Income tax expense	(336,000,829)	(258,161,877)	<b>30.2</b>	(382,472,418)	(299,697,706)	<b>27.6</b>
Profit for the year	1,002,173,489	860,971,242	<b>16.4</b>	1,008,859,726	868,928,198	<b>16.1</b>
Earnings per share - Basic /diluted	13.93	13.05	<b>6.7</b>	14.02	13.17	<b>6.4</b>

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

### Statement of other comprehensive income

For the year ended 31st March	Company			Group		
	2018 Rs.	2017 Rs.	Change %	2018 Rs.	2017 Rs.	Change %
Profit for the year	1,002,173,489	860,971,242	16.4	1,008,859,726	868,928,198	16.1
<b>Other comprehensive income</b>						
<b>Items that will not be reclassified to profit or loss</b>						
Actuarial loss on defined benefit plans	(6,400,199)	(9,821,118)	(34.8)	(6,400,199)	(9,821,118)	(34.8)
Deferred tax effect on actuarial loss	2,063,521	2,420,494	(14.7)	2,063,521	2,420,494	(14.7)
<b>Items that are or may be reclassified to profit or loss</b>						
Net change in fair value of available for sale financial assets	8,306,537	586,597	1,316.1	8,306,537	586,597	1,316.1
Reclassification adjustment for gain included in the income statement	(5,496,247)	-	(100.0)	(5,496,247)	-	(100.0)
	(1,526,388)	(6,814,027)	(77.6)	(1,526,388)	(6,814,027)	(77.6)
Other comprehensive income for the year net of tax	(1,526,388)	(6,814,027)	(77.6)	(1,526,388)	(6,814,027)	(77.6)
Total comprehensive income for the year net of tax	1,000,647,101	854,157,215	17.2	1,007,333,338	862,114,171	16.8

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

## Statement of financial position

As at 31st March	Company		Group	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
<b>Assets</b>				
Cash and cash equivalents	765,409,318	604,224,835	818,448,855	620,729,074
Deposits with licensed commercial banks	588,383,766	2,424,623,839	588,383,766	2,424,623,839
Repurchase agreements	2,899,626,118	1,000,000,000	2,899,626,118	1,000,000,000
Financial assets held at fair value through profit or loss	87,479,831	80,032,551	87,479,831	80,032,551
Finance leases	23,887,236,580	20,014,694,207	23,887,236,580	20,014,694,207
Hire purchases	163,805,340	645,872,482	163,805,340	645,872,482
Other loans and receivables	3,752,080,667	3,097,021,373	3,752,080,667	3,097,021,373
Financial assets available for sale	113,006,657	79,700,121	113,006,657	79,700,121
Financial assets held to maturity	967,518,989	894,901,371	967,518,989	894,901,371
Investments in subsidiaries	320,000,000	320,000,000	-	-
Investment property	379,280,895	78,721,895	281,660,383	273,106,521
Property, plant and equipment	1,366,616,928	1,367,244,075	1,371,811,835	1,373,175,773
Intangible assets	57,251,807	70,924,853	122,072,021	135,745,067
Amounts due from related company	-	25,976	-	-
Current tax recoverable	94,543,111	64,822,514	73,541,238	46,858,845
Other assets	679,606,263	176,016,521	679,874,041	176,489,334
<b>Total assets</b>	<b>36,121,846,270</b>	<b>30,918,826,613</b>	<b>35,806,546,321</b>	<b>30,862,950,558</b>
<b>Liabilities</b>				
Due to banks	6,008,726,566	6,980,977,714	6,060,439,800	6,984,829,734
Deposits from customers	9,507,133,790	7,230,872,565	9,465,455,334	7,204,514,552
Other borrowings	9,367,632,765	6,762,753,851	9,367,632,765	6,762,753,851
Debt securities issued	3,127,018,895	3,683,045,483	3,127,018,895	3,683,045,483
Subordinated debentures	1,272,876,786	1,309,740,125	1,272,876,786	1,309,740,125
Deferred tax liabilities	860,680,871	607,702,150	860,605,400	610,885,348
Amounts payable to related company	291,578,050	-	-	-
Other liabilities	576,100,744	603,617,339	580,353,094	611,964,611
Employee benefits	81,109,264	78,499,749	81,738,959	78,848,705
<b>Total liabilities</b>	<b>31,092,857,731</b>	<b>27,257,208,976</b>	<b>30,816,121,033</b>	<b>27,246,582,409</b>
<b>Equity</b>				
Stated capital	1,587,862,680	1,008,062,200	1,587,862,680	1,008,062,200
Statutory reserve fund	365,036,033	310,036,033	370,290,434	310,190,064
Available for sale reserve	7,171,473	4,361,183	7,171,473	4,361,183
Retained earnings	3,068,918,353	2,339,158,221	3,025,100,701	2,293,754,702
<b>Total equity</b>	<b>5,028,988,539</b>	<b>3,661,617,637</b>	<b>4,990,425,288</b>	<b>3,616,368,149</b>
<b>Total liabilities and equity</b>	<b>36,121,846,270</b>	<b>30,918,826,613</b>	<b>35,806,546,321</b>	<b>30,862,950,558</b>
<b>Net assets per share</b>	<b>69.39</b>	<b>56.14</b>	<b>68.86</b>	<b>55.44</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

May 18, 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 year					
Profit for the year	-	-	-	860,971,242	860,971,242
Other comprehensive income, net of tax	-	-	586,597	(7,400,624)	(6,814,027)
Total comprehensive income for the year	-	-	586,597	853,570,618	854,157,215
<i>Transactions with equity holders recognized directly in equity</i>					
Transfers to reserves	-	45,000,000	-	(45,000,000)	-
Dividends paid	-	-	-	(185,898,532)	(185,898,532)
Balance as at 31st March 2017	<u>1,008,062,200</u>	<u>310,036,033</u>	<u>4,361,183</u>	<u>2,339,158,221</u>	<u>3,661,617,637</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 year	-	-	-	1,002,173,489	1,002,173,489
Other comprehensive income, net of tax	-	-	2,810,290	(4,336,678)	(1,526,388)
Total comprehensive income for the year	-	-	2,810,290	997,836,811	1,000,647,101
<i>Transactions with equity holders recognized directly in equity</i>					
Rights issue of shares	579,800,480	-	-	-	579,800,480
Transfers to reserves	-	55,000,000	-	(55,000,000)	-
Dividends paid	-	-	-	(213,076,679)	(213,076,679)
Balance as at 31st March 2018	<u>1,587,862,680</u>	<u>365,036,033</u>	<u>7,171,473</u>	<u>3,068,918,353</u>	<u>5,028,988,539</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 year					
Profit for the year	-	-	-	868,928,198	868,928,198
Other comprehensive income, net of tax	-	-	586,597	(7,400,624)	(6,814,027)
Total comprehensive income for the year	-	-	586,597	861,527,574	862,114,171
<i>Transactions with equity holders recognized directly in equity</i>					
Transfers to reserves	-	45,131,031	-	(45,131,031)	-
Dividends paid	-	-	-	(185,898,532)	(185,898,532)
Balance as at 31st March 2017	<u>1,008,062,200</u>	<u>310,190,064</u>	<u>4,361,183</u>	<u>2,293,754,702</u>	<u>3,616,368,149</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 year					
Profit for the year	-	-	-	1,008,859,726	1,008,859,726
Other comprehensive income, net of tax	-	-	2,810,290	(4,336,678)	(1,526,388)
Total comprehensive income for the year	-	-	2,810,290	1,004,523,048	1,007,333,338
<i>Transactions with equity holders recognized directly in equity</i>					
Rights issue of shares	579,800,480	-	-	-	579,800,480
Transfers to reserves	-	60,100,370	-	(60,100,370)	-
Dividends paid	-	-	-	(213,076,679)	(213,076,679)
Balance as at 31st March 2018	<u>1,587,862,680</u>	<u>370,290,434</u>	<u>7,171,473</u>	<u>3,025,100,701</u>	<u>4,990,425,288</u>

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit



## Statement of cash flows

For the year ended 31st March	Company		Group	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
<b>Cash flows from operating activities</b>				
Interest and commission receipts	6,169,302,459	4,922,095,925	6,315,332,336	5,043,877,383
Interest payments	(3,371,849,640)	(2,203,788,690)	(3,367,255,419)	(2,200,662,597)
Recoveries of bad debts	59,340,255	82,116,115	59,340,255	82,116,115
Other operating income	30,693,385	33,986,747	39,065,385	41,473,162
Operating expenditure	(1,069,910,385)	(846,868,448)	(1,075,640,746)	(851,953,747)
Cash payments to employees	(604,931,628)	(506,741,244)	(609,180,298)	(510,421,042)
<b>Operating cash flow before changes in operating assets and liabilities (Note A)</b>	<b>1,212,644,446</b>	<b>1,480,800,405</b>	<b>1,361,661,513</b>	<b>1,604,429,274</b>
<b>Changes in operating assets and liabilities</b>				
Net funds advanced to customers	(3,731,292,415)	(6,868,790,219)	(3,731,292,415)	(6,868,790,219)
Deposits from customers	2,276,261,225	720,839,459	2,260,940,783	718,503,635
Deposits with licensed commercial banks	1,853,032,972	(1,166,415,508)	1,853,032,972	(1,166,415,508)
Government and other securities	(1,972,243,736)	(90,245,936)	(1,972,243,736)	(90,245,936)
Other assets	(501,035,902)	56,020,314	(503,384,707)	48,815,111
Other liabilities	(15,009,077)	100,712,831	(17,961,255)	99,354,922
	(2,090,286,933)	(7,247,879,059)	(2,110,908,358)	(7,258,777,995)
<b>Net cash used in operating activities before taxation</b>	<b>(877,642,487)</b>	<b>(5,767,078,654)</b>	<b>(749,246,845)</b>	<b>(5,654,348,721)</b>
Taxes paid	(124,115,204)	(146,374,272)	(171,950,002)	(186,637,229)
Gratuity paid	(20,303,369)	(2,593,855)	(20,303,369)	(2,593,855)
<b>Net cash used in operating activities</b>	<b>(1,022,061,060)</b>	<b>(5,916,046,781)</b>	<b>(941,500,216)</b>	<b>(5,843,579,805)</b>
<b>Cash flows from investing activities</b>				
Net investment in trading securities	(3,775,513)	(600,963)	(3,775,513)	(600,963)
Net investment in financial assets available for sale	(25,000,000)	(60,000,001)	(25,000,000)	(60,000,001)
Dividends received on investments	94,268,382	73,834,412	2,918,382	2,734,412
Purchase of property, plant and equipment	(358,456,807)	(623,999,946)	(358,993,567)	(630,403,716)
Purchase of intangible assets	(679,377)	(16,867,226)	(679,377)	(16,867,226)
Proceeds from sale of property, plant and equipment	124,505,757	112,919,850	124,505,757	115,919,852
<b>Net cash used in investing activities</b>	<b>(169,137,558)</b>	<b>(514,713,874)</b>	<b>(261,024,318)</b>	<b>(589,217,642)</b>
<b>Cash flows from financing activities</b>				
Proceeds from rights issue	579,800,480	-	579,800,480	-
Securitized loans obtained	6,740,000,000	7,800,000,000	6,740,000,000	7,800,000,000
Repayment of loans	(5,082,045,291)	(2,914,219,680)	(5,082,045,291)	(2,914,219,680)
Debentures issued	-	3,000,000,000	-	3,000,000,000
Redemption of debenture	(585,753,500)	(1,134,246,500)	(585,753,500)	(1,134,246,500)
Dividends paid	(212,148,177)	(185,015,108)	(212,148,177)	(185,015,108)
<b>Net cash generated from financing activities</b>	<b>1,439,853,512</b>	<b>6,566,518,712</b>	<b>1,439,853,512</b>	<b>6,566,518,712</b>

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

*Statement of cash flows (Continued)*

<i>For the year ended 31st March</i>	Company		Group	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Net increase in cash and cash equivalents	248,654,894	135,758,057	237,328,978	133,721,265
Cash and cash equivalents at the beginning of the year	433,920,646	298,162,589	446,572,865	312,851,600
Cash and cash equivalents at the end of the year	682,575,540	433,920,646	683,901,843	446,572,865
<b>Reconciliation of cash and cash equivalents</b>				
Cash and cash equivalents	765,409,318	604,224,835	818,448,855	620,729,074
Bank overdrafts	(82,833,778)	(170,304,189)	(134,547,012)	(174,156,209)
	682,575,540	433,920,646	683,901,843	446,572,865
<b>Note A</b>				
<b>Reconciliation of operating profit</b>				
Profit before income tax	1,338,174,318	1,119,133,119	1,391,332,144	1,168,625,904
Depreciation	304,260,534	265,733,779	308,489,036	270,497,820
Dividend receipts on investments	(94,268,382)	(73,834,412)	(2,918,382)	(2,734,412)
Profit on disposal of motor vehicles	(66,838,726)	(60,013,830)	(66,838,726)	(61,871,807)
Provision for defined benefit plan	16,512,685	11,831,774	16,793,424	11,961,794
Impairment charge on financial assets	104,670,291	25,572,626	104,670,291	25,572,626
Loan losses and write offs	867,733	36,050,084	867,733	36,050,084
(Gain) / loss on mark to market valuation of shares	(2,015,455)	6,016,377	(2,015,455)	6,016,377
Gain on sale of shares	(1,656,313)	(3,210,947)	(1,656,313)	(3,210,947)
Gains form available for sale financial assets	(5,496,247)	(2,713,441)	(5,496,247)	(2,713,441)
Loss on foregin currency balances	101	87	101	87
Interest accrued on loans and advances	(419,780,134)	(42,280,775)	(419,780,134)	(42,280,775)
Accrued interest on borrowings	45,350,468	131,332,532	45,350,468	131,332,532
Accrued interest on debentures	(7,136,427)	67,183,432	(7,136,427)	67,183,432
	1,212,644,446	1,480,800,405	1,361,661,513	1,604,429,274

*Figures in brackets indicate deductions.*

*The above figures are provisional and subject to audit*

Segment report																
As at 31st March	Leasing		Hire Purchases		Pawning advances		Other Advances		Investments		Insurance Brokering		Unallocated		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<i>Revenue</i>																
<i>External customers</i>																
Interest	4,991,364,071	3,679,082,591	156,025,650	406,361,500	176,624,867	76,331,490	805,032,870	371,055,097	346,456,812	294,715,801	-	-	-	-	6,475,504,270	4,827,546,479
Trading	-	-	-	-	-	-	-	-	9,168,015	(91,989)	-	-	110,530	107,651	9,278,545	15,662
Commissions	-	-	-	-	-	-	-	-	-	-	144,123,825	#####	-	-	144,123,825	120,067,994
Rent	-	-	-	-	-	-	-	-	20,677,000	17,714,933	-	-	-	-	20,677,000	17,714,933
Dividends	-	-	-	-	-	-	-	-	2,918,382	2,734,412	-	-	-	-	2,918,382	2,734,412
Other income	43,582,733	70,405,168	-	-	-	-	-	-	66,838,726	61,871,807	-	-	90,179,396	91,789,008	200,600,855	224,065,983
Total revenue	5,034,946,804	3,749,487,759	156,025,650	406,361,500	176,624,867	76,331,490	805,032,870	371,055,097	446,058,935	376,944,964	144,123,825	#####	90,289,926	91,896,659	6,853,102,877	5,192,145,463
Profit before tax															1,391,332,144	1,168,625,904
Taxation															(382,472,418)	(299,697,706)
Profit after tax															1,008,859,726	868,928,198
<i>Segment Assets</i>	23,887,236,580	20,014,694,207	163,805,340	645,872,482	993,680,335	548,402,600	2,758,400,332	2,548,618,773	6,361,544,479	5,996,148,705	58,269,578	22,352,634	1,583,609,677	1,086,861,157	35,806,546,321	30,862,950,558
<i>Segment Liabilities</i>	23,084,429,789	20,130,162,242	715,352,774	2,181,664,120	809,796,905	409,806,719	3,690,947,589	1,992,111,932	2,045,109,227	2,023,733,312	56,405,448	7,627,277	414,079,301	501,476,807	30,816,121,033	27,246,582,409
<i>Information on Cash flows</i>																
Operating activities	19,298,870	(2,582,626,854)	294,050,621	334,318,766	(16,668,015)	(91,944,715)	4,261,347	(459,164,134)	(991,588,996)	(2,785,970,591)	67,580,408	61,853,878	(318,434,451)	(320,046,155)	(941,500,216)	(5,843,579,805)
Investing activities	-	-	-	-	-	-	-	-	(25,857,131)	(57,866,552)	-	-	124,505,757	115,919,852	98,648,626	58,053,300
Capital expenditure	(239,977,190)	(415,905,052)	(1,645,630)	(13,421,221)	(9,982,763)	(11,395,798)	(27,711,584)	(52,960,261)	(63,909,676)	(124,599,882)	(536,760)	-	(15,909,341)	(28,988,728)	(359,672,944)	(647,270,942)
Financing activities	-	-	-	-	-	-	-	-	-	-	-	-	1,439,853,512	6,566,518,712	1,439,853,512	6,566,518,712
Net cash flow	(220,678,320)	(2,998,531,906)	292,404,991	320,897,545	(26,650,778)	(103,340,513)	(23,450,237)	(512,124,395)	(1,081,355,803)	(2,968,437,025)	67,043,648	61,853,878	1,230,015,477	6,333,403,681	237,328,978	133,721,265
<i>Depreciation and amortisation</i>	(247,320,571)	(213,831,068)	(1,695,986)	(6,900,310)	(10,288,238)	(5,858,971)	(28,559,567)	(27,228,689)	-	(303,038)	(1,198,546)	(1,734,639)	(19,426,128)	(14,641,105)	(308,489,036)	(270,497,820)

## ***Selected Performance Indicators***

<i>As at 31st March</i>	<b>2018</b>	<b>2017</b>	<b>Minimum Requirement</b>
<b>Regulatory Capital Adequacy</b>			
Core Capital (Tier 1) Rs. '000	4,292,057	3,657,256	
Total Capital Base (Tier 2) Rs. '000	4,526,683	4,143,993	
Core Capital Adequacy Ratio, as % of Risk Weighted Assets	14.39%	14.19%	5%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets	15.18%	16.08%	10%
Capital funds to Deposit Liabilities Ratio	52.90%	50.64%	
<b>Asset Quality (Quality of Loan Portfolio)</b>			
Gross Non-Performing Accommodations Rs. '000	643,796	397,464	
Gross Non-Performing Accommodations Ratio, %	2.28%	1.64%	
Net Non-Performing Accommodations Ratio, %	0.72%	0.29%	
<i>Computed as per CBSL guidelines (Net of IIS)</i>			
<b>Profitability</b>			
Net Interest Margin	9.93%	9.87%	
Return on Assets (Before Tax)	4.63%	4.81%	
Return on Equity (After Tax)	23.06%	25.87%	
<b>Regulatory Liquidity (Rs. '000)</b>			
Required minimum amount of Liquid Assets	1,507,559	1,426,290	10%
Available amount of Liquid Assets	4,919,962	4,208,837	
Required minimum amount of Government Securities	876,255	746,151	7.5%
Available amount of Government securities	3,679,930	1,711,086	
<i>Computed as per CBSL guidelines</i>			
<b>Debt</b>			
Debt-to-Equity ratio	3.93	5.12	
Interest cover	1.39	1.47	
<b>Memorandum information</b>			
Number of employees	745	660	
Number of branches	54	49	
Number of service centers	41	41	
Number of pawning centers	23	18	

*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
2017/18	Second interim	0.95	68,851,307.95	February 21, 2018
2017/18	Third interim	1.00	72,475,061.00	May 03, 2018

### 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 May 18, 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	99.00	12.89%	14.21%	6.80%
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	102	15.87%	11.93%	3.21%

### 5.4 Interest rate of comparable government securities

As at 31st March	2018	2017
6 month Treasury bill	8.52%	10.62%
2 year Treasury bond	10.00%	12.00%
3 year Treasury bond	10.05%	12.10%
4 year Treasury bond	10.20%	12.45%
5 year Treasury bond	10.40%	12.60%

## 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	31.03.2018
1. Dr. M. Balasuriya	4,172,046
2. Dr. A. Balasuriya & Mr. D. Balasuriya	2,086,023
3. Mr. L. Balasuriya & Mr. S. K. Balasuriya	2,086,023
4. Dr. A. Balasuriya & Mr. S. Balasuriya	2,086,022
5. Mr. L. Balasuriya & Ms. A. S. Balasuriya	2,086,022
6. Mrs. L. Fernando & Ms. S.A. Fernando	1,166,232
7. Mrs. L. Fernando & Mr. A. R.Fernando	1,166,231
8. Mrs. L. Fernando & Ms. A.L. Fernando	1,166,231
9. Mr. W. A. T. Fernando	Nil
10. 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	31.03.2018
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	31.03.2018	31.03.2017
Ordinary shares	72,475,061	65,227,555

The company made a rights issue of one (01) share for every nine (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 March 31, 2018 were:

Shareholder	Number of Shares	%
1. E. W. Balasuriya & Co. (Pvt) Limited	40,774,460	56.26
2. Hallsville Trading Group Inc.	5,954,393	8.22
3. Dr. M. Balasuriya	4,172,046	5.76
4. Dr. (Mrs.) G. Madan Mohan	4,172,045	5.76
5. Mr. R. Balasuriya	4,172,045	5.76
6. Dr. A. Balasuriya & Mr. D. Balasuriya	2,086,023	2.88
7. Mr. L. Balasuriya & Mr. S. K. Balasuriya	2,086,023	2.88
8. Mr. L. Balasuriya & Ms. A. S. Balasuriya	2,086,022	2.88
9. Dr. A. Balasuriya & Mr. S. Balasuriya	2,086,022	2.88
10. Mrs.L. Fernando & Ms.S.A. Fernando	1,166,232	1.61
11. Mrs. L. Fernando & Mr. A. R.Fernando	1,166,231	1.61
12. Mrs. L. Fernando & Ms. A.L. Fernando	1,166,231	1.61
13. Mr. D. K. C. R. Fernando	673,348	0.93
14. Mrs. Chandra Fernando	172,888	0.24
15. Estate of the late Mr. D. G. K. Hewamallika	172,888	0.24
16. Mrs. S. Thaha	158,483	0.22
17. Mr. I. M. Thaha	144,073	0.20
18. Mr. M. M. Ariyaratne	31,653	0.04
19. Mr. P. P. K. Ikiriwatte	16,977	0.02
20. Mr. J. K. Jayatileke	16,963	0.02
	<b>72,475,046</b>	

6.5 The percentage of shares held by the public on March 31, 2018 was 21.60% (2017 - 21.60%) and is distributed among 09 Shareholders (2017 - 09 Shareholders) .

6.6 Rights issue - April 2017

Utilization of funds raised via the Rights Issue as at May 18, 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	31.03.2018	31.03.2017
Dividend per share (Rs.)	3.00	2.85
Net Assets per share (Rs.)	69.39	56.14
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.