



# Senkadagala Finance PLC

**Interim Financial Statement for the period ended  
30<sup>th</sup> September 2017**



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

**Senkadagala Finance PLC**

## ***Income statement***

<b><i>For the three months period ended 30th September</i></b>	<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>
Interest income	1,577,099,131	1,151,549,636	1,577,632,266	1,151,970,534
Interest expense	(827,182,005)	(549,723,901)	(826,042,058)	(548,867,190)
Net interest income	749,917,126	601,825,735	751,590,208	603,103,344
Fee and commission income	28,763,770	40,293,582	63,283,074	69,790,792
Fee and commission expense	(3,857,476)	(4,380,906)	(3,857,476)	(4,380,906)
Net fee and commission income	24,906,294	35,912,676	59,425,598	65,409,886
Net gain from trading	1,305,600	3,009,827	1,305,600	3,009,827
Net loss from financial instruments designated at fair value through profit or loss	(4,173,889)	(2,361,237)	(4,173,889)	(2,361,237)
Other operating income	71,824,743	43,666,566	25,889,443	12,118,566
Total operating income	843,779,874	682,053,567	834,036,960	681,280,386
Impairment (charge) / reversal on individual impairment	(766,817)	14,259,775	(766,817)	14,259,775
Impairment charge on collective impairment	(6,158,903)	(3,901,171)	(6,158,903)	(3,901,171)
Other loan losses reversal	15,460,015	12,513,563	15,460,015	12,513,563
Net operating income	852,314,169	704,925,734	842,571,255	704,152,553
Personnel expenses	(147,936,843)	(125,235,209)	(148,952,308)	(126,108,153)
Depreciation of property, plant and equipment	(72,103,859)	(61,045,267)	(73,154,583)	(62,329,697)
Amortization of intangible assets	(3,741,811)	(3,497,412)	(3,741,811)	(3,497,412)
Other expenses	(185,555,449)	(170,061,561)	(186,795,761)	(171,172,927)
Operating profit before value added tax on financial services	442,976,207	345,086,285	429,926,792	341,044,364
Value added tax on financial services	(61,819,172)	(29,334,111)	(61,819,172)	(29,334,111)
Profit before income tax	381,157,035	315,752,174	368,107,620	311,710,253
Income tax expense	(104,130,832)	(56,956,860)	(119,515,274)	(69,706,729)
Profit for the period	277,026,203	258,795,314	248,592,346	242,003,524
Earnings per share - Basic /Diluted	4.03	3.92	3.62	3.67

*Figures in brackets indicate deductions.*

*The above figures are provisional and subject to audit*

## *Statement of other comprehensive income*

	Company		Group	
<i>For the three months period ended 30th September</i>	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Profit for the period	<u>277,026,203</u>	<u>258,795,314</u>	<u>248,592,346</u>	<u>242,003,524</u>
<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	(1,512,971)	3,927,125	(1,512,971)	3,927,125
Reclassification adjustment for gain included in the income statement	(1,305,600)	-	(1,305,600)	-
	<u>(2,818,571)</u>	<u>3,927,125</u>	<u>(2,818,571)</u>	<u>3,927,125</u>
Other comprehensive income for the period net of tax	<u>(2,818,571)</u>	<u>3,927,125</u>	<u>(2,818,571)</u>	<u>3,927,125</u>
Total comprehensive income for the period net of tax	<u>274,207,632</u>	<u>262,722,439</u>	<u>245,773,775</u>	<u>245,930,649</u>

*Figures in brackets indicate deductions.*

*The above figures are provisional and subject to audit*

## ***Income statement***

<b><i>For the period ended 30th September</i></b>	<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>
Interest income	3,069,205,023	2,204,594,987	3,070,248,275	2,205,401,224
Interest expense	(1,637,226,410)	(1,040,887,100)	(1,635,132,184)	(1,039,499,771)
Net interest income	1,431,978,613	1,163,707,887	1,435,116,091	1,165,901,453
Fee and commission income	59,022,941	77,074,309	127,242,648	130,857,927
Fee and commission expense	(7,435,041)	(6,928,141)	(7,435,041)	(6,928,141)
Net fee and commission income	51,587,900	70,146,168	119,807,607	123,929,786
Net gain from trading	1,305,600	3,210,947	1,305,600	3,210,947
Net gain/ (loss) from financial instruments designated at fair value through profit or loss	4,356,089	(941,742)	4,356,089	(941,742)
Other operating income	87,133,519	63,359,072	44,871,119	35,363,072
Total operating income	1,576,361,721	1,299,482,332	1,605,456,506	1,327,463,516
Impairment (charge) / reversal on individual impairment	(6,519,565)	16,531,993	(6,519,565)	16,531,993
Impairment charge on collective impairment	(33,558,362)	(5,783,328)	(33,558,362)	(5,783,328)
Other loan losses reversal	29,036,876	20,142,651	29,036,876	20,142,651
Net operating income	1,565,320,670	1,330,373,648	1,594,415,455	1,358,354,832
Personnel expenses	(295,166,951)	(244,190,414)	(297,200,203)	(246,338,433)
Depreciation of property, plant and equipment	(142,697,620)	(119,813,022)	(144,809,762)	(122,209,913)
Amortization of intangible assets	(7,483,622)	(6,998,369)	(7,483,622)	(6,998,369)
Other expenses	(402,364,810)	(336,056,760)	(404,661,305)	(338,007,157)
Operating profit before value added tax on financial services	717,607,667	623,315,083	740,260,563	644,800,960
Value added tax on financial services	(107,929,660)	(73,251,368)	(107,929,660)	(73,251,368)
Profit before income tax	609,678,007	550,063,715	632,330,903	571,549,592
Income tax expense	(182,599,593)	(165,904,494)	(206,792,507)	(185,823,859)
Profit for the period	427,078,414	384,159,221	425,538,396	385,725,733
Earnings per share - Basic /Diluted	6.22	5.82	6.20	5.85

*Figures in brackets indicate deductions.*

*The above figures are provisional and subject to audit*

## *Statement of other comprehensive income*

<i>For the period ended 30th September</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>
Profit for the period	427,078,414	384,159,221	425,538,396	385,725,733
<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	3,730,418	3,927,125	3,730,418	3,927,125
Reclassification adjustment for gain included in the income statement	(1,305,600)	-	(1,305,600)	-
	2,424,818	3,927,125	2,424,818	3,927,125
Other comprehensive income for the period net of tax	2,424,818	3,927,125	2,424,818	3,927,125
Total comprehensive income for the period net of tax	429,503,232	388,086,346	427,963,214	389,652,858

*Figures in brackets indicate deductions.*

*The above figures are provisional and subject to audit*

## Statement of financial position

As at	Company			Group		
	30.09.2017 Rs.	31.03.2017 Rs.	30.09.2016 Rs.	30.09.2017 Rs.	31.03.2017 Rs.	30.09.2016 Rs.
<b>Assets</b>						
Cash and cash equivalents	779,973,957	604,224,835	402,587,460	803,870,426	620,729,074	436,957,974
Deposits with licensed commercial banks	890,427,420	2,424,623,839	871,781,647	890,427,420	2,424,623,839	871,781,647
Repurchase agreements	1,406,608,592	1,000,000,000	500,881,933	1,406,608,592	1,000,000,000	500,881,933
Financial assets held at fair value through profit or loss	86,652,243	80,032,551	85,074,790	86,652,243	80,032,551	85,074,790
Finance leases	22,368,281,772	20,014,694,207	16,815,146,488	22,368,281,772	20,014,694,207	16,815,146,488
Hire purchases	340,937,412	645,872,482	1,195,627,822	340,937,412	645,872,482	1,195,627,822
Other loans and receivables	3,874,833,910	3,097,021,373	1,658,991,143	3,874,833,910	3,097,021,373	1,658,991,143
Financial assets available for sale	108,430,538	79,700,121	80,327,208	108,430,538	79,700,121	80,327,208
Financial assets held to maturity	934,071,748	894,901,371	860,655,926	934,071,748	894,901,371	860,655,926
Investments in subsidiaries	320,000,000	320,000,000	320,000,000	-	-	-
Investment property	78,721,895	78,721,895	78,873,414	271,603,952	273,106,521	274,760,609
Property, plant and equipment	1,404,152,867	1,367,244,075	1,133,454,888	1,409,474,992	1,373,175,773	1,141,393,192
Intangible assets	63,441,231	70,924,853	77,540,347	128,261,445	135,745,067	142,360,561
Amounts due from related company	-	25,976	233,894	-	-	-
Current tax recoverable	27,826,628	64,822,514	-	10,757,268	46,858,845	-
Other assets	308,721,573	176,016,521	326,508,354	308,022,377	176,489,334	326,596,227
<b>Total assets</b>	<b>32,993,081,786</b>	<b>30,918,826,613</b>	<b>24,407,685,314</b>	<b>32,942,234,095</b>	<b>30,862,950,558</b>	<b>24,390,555,520</b>
<b>Liabilities</b>						
Due to banks	7,063,921,768	6,980,977,714	6,563,103,826	7,081,681,894	6,984,829,734	6,604,132,107
Deposits from customers	8,206,593,830	7,230,872,565	6,850,070,563	8,176,763,252	7,204,514,552	6,825,050,982
Other borrowings	7,439,090,139	6,762,753,851	3,944,988,484	7,439,090,139	6,762,753,851	3,944,988,484
Debt securities issued	3,075,449,959	3,683,045,483	1,357,421,651	3,075,449,959	3,683,045,483	1,357,421,651
Subordinated debentures	1,335,812,252	1,309,740,125	1,259,307,075	1,335,812,252	1,309,740,125	1,259,307,075
Deferred tax liabilities	700,708,939	607,702,150	484,068,545	703,839,164	610,885,348	487,082,684
Amounts payable to related company	2,473,026	-	-	-	-	-
Current tax liabilities	-	-	36,896,965	-	-	43,912,081
Other liabilities	522,508,928	603,617,339	555,757,136	529,444,168	611,964,611	563,945,373
Employee benefits	83,589,437	78,499,749	62,682,968	84,009,265	78,848,705	62,966,914
<b>Total liabilities</b>	<b>28,430,148,278</b>	<b>27,257,208,976</b>	<b>21,114,297,213</b>	<b>28,426,090,093</b>	<b>27,246,582,409</b>	<b>21,148,807,351</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	6,786,001	4,361,183	7,701,711	6,786,001	4,361,183	7,701,711
Retained earnings	2,658,248,794	2,339,158,221	2,012,588,157	2,611,305,257	2,293,754,702	1,960,925,225
<b>Total equity</b>	<b>4,562,933,508</b>	<b>3,661,617,637</b>	<b>3,293,388,101</b>	<b>4,516,144,002</b>	<b>3,616,368,149</b>	<b>3,241,748,169</b>
<b>Total liabilities and equity</b>	<b>32,993,081,786</b>	<b>30,918,826,613</b>	<b>24,407,685,314</b>	<b>32,942,234,095</b>	<b>30,862,950,558</b>	<b>24,390,555,520</b>
<b>Net assets per share</b>	<b>62.96</b>	<b>56.14</b>	<b>50.49</b>	<b>62.31</b>	<b>55.44</b>	<b>49.70</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

Sgd.

L Balasuriya  
Chief Executive Officer/Managing Director

Kandy, Sri Lanka  
30th October 2017

## 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	-	-	-	384,159,221	384,159,221
Other comprehensive income, net of tax	-	-	3,927,125	-	3,927,125
Total comprehensive income for the period	-	-	3,927,125	384,159,221	388,086,346
<i>Transactions with equity holders recognized directly in equity</i>					
Dividends paid	-	-	-	(88,057,199)	(88,057,199)
Balance as at 30th September 2016	<u>1,008,062,200</u>	<u>265,036,033</u>	<u>7,701,711</u>	<u>2,012,588,157</u>	<u>3,293,388,101</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	-	-	-	427,078,414	427,078,414
Other comprehensive income, net of tax	-	-	2,424,818	-	2,424,818
Total comprehensive income for the period	-	-	2,424,818	427,078,414	429,503,232
<i>Transactions with equity holders recognized directly in equity</i>					
Rights issue of shares	579,800,480	-	-	-	579,800,480
Dividends paid	-	-	-	(107,987,841)	(107,987,841)
Balance as at 30th September 2017	<u>1,587,862,680</u>	<u>310,036,033</u>	<u>6,786,001</u>	<u>2,658,248,794</u>	<u>4,562,933,508</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	-	-	-	385,725,733	385,725,733
Other comprehensive income, net of tax	-	-	3,927,125	-	3,927,125
Total comprehensive income for the period	-	-	3,927,125	385,725,733	389,652,858
<i>Transactions with equity holders recognized directly in equity</i>					
Dividends paid	-	-	-	(88,057,199)	(88,057,199)
Balance as at 30th September 2016	<u>1,008,062,200</u>	<u>265,059,033</u>	<u>7,701,711</u>	<u>1,960,925,225</u>	<u>3,241,748,169</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	-	-	-	425,538,396	425,538,396
Other comprehensive income, net of tax	-	-	2,424,818	-	2,424,818
Total comprehensive income for the period	-	-	2,424,818	425,538,396	427,963,214
<i>Transactions with equity holders recognized directly in equity</i>					
Rights issue of shares	579,800,480	-	-	-	579,800,480
Dividends paid	-	-	-	(107,987,841)	(107,987,841)
Balance as at 30th September 2017	<u>1,587,862,680</u>	<u>310,190,064</u>	<u>6,786,001</u>	<u>2,611,305,257</u>	<u>4,516,144,002</u>

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit



## Statement of cash flows

For the period ended 30th September	Company		Group	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
<b>Cash flows from operating activities</b>				
Interest and commission receipts	2,867,210,862	2,240,276,371	2,936,473,821	2,294,866,230
Interest payments	(1,612,522,580)	(962,714,886)	(1,610,428,354)	(961,327,557)
Recoveries of bad debts	28,671,903	37,843,261	28,671,903	37,843,261
Other operating income	7,838,181	3,203,046	11,925,781	10,307,046
Operating expenditure	(516,885,022)	(423,756,014)	(519,181,517)	(425,706,415)
Cash payments to employees	(288,973,802)	(237,997,265)	(290,936,182)	(240,080,274)
<b>Operating cash flow before changes in operating assets and liabilities (Note A)</b>	<b>485,339,542</b>	<b>656,854,513</b>	<b>556,525,452</b>	<b>715,902,291</b>
<b>Changes in operating assets and liabilities</b>				
Net funds advanced to customers	(2,606,005,373)	(2,719,664,950)	(2,606,005,373)	(2,719,664,950)
Deposits from customers	975,721,265	340,037,457	972,248,700	339,040,065
Deposits with licensed commercial banks	1,544,055,797	362,234,771	1,544,055,797	362,234,771
Government and other securities	(445,778,969)	443,117,576	(445,778,969)	443,117,576
Other assets	(130,206,050)	(94,679,437)	(131,533,043)	(101,291,782)
Other liabilities	(71,235,626)	45,952,824	(71,482,925)	44,293,511
	(733,448,956)	(1,623,001,759)	(738,495,813)	(1,632,270,809)
<b>Net cash flow from operating activities before taxation</b>	<b>(248,109,414)</b>	<b>(966,147,246)</b>	<b>(181,970,361)</b>	<b>(916,368,518)</b>
Taxes paid	(62,953,094)	(71,095,769)	(89,258,023)	(100,717,505)
Gratuity paid	(1,103,461)	(2,950,893)	(1,103,461)	(2,950,893)
<b>Net cash generated / (used) in operating activities</b>	<b>(312,165,969)</b>	<b>(1,040,193,908)</b>	<b>(272,331,845)</b>	<b>(1,020,036,916)</b>
<b>Cash flows from investing activities</b>				
Net investment in trading securities	(2,263,604)	(568,562)	(2,263,604)	(568,562)
Net investment in financial assets available for sale	(25,000,000)	(60,000,000)	(25,000,000)	(60,000,000)
Dividends received on investments	48,598,587	36,585,940	2,248,587	1,485,940
Purchase of property, plant and equipment	(204,984,807)	(229,887,436)	(204,984,807)	(236,291,206)
Purchase of intangible assets	-	(15,979,771)	-	(15,979,771)
Proceeds from sale of property, plant and equipment	56,075,200	47,420,696	56,075,200	47,420,696
<b>Net cash used in investing activities</b>	<b>(127,574,624)</b>	<b>(222,429,133)</b>	<b>(173,924,624)</b>	<b>(263,932,903)</b>
<b>Cash flows from financing activities</b>				
Proceeds from rights issue	579,800,480	-	579,800,480	-
Securitized loans obtained	2,500,000,000	3,150,000,000	2,500,000,000	3,150,000,000
Repayment of loans	(1,820,196,461)	(1,371,156,030)	(1,820,196,461)	(1,371,156,030)
Redemption of debenture	(585,753,500)	(433,246,500)	(585,753,500)	(433,246,500)
Dividends paid	(107,504,450)	(87,629,711)	(107,504,450)	(87,629,711)
<b>Net cash generated from financing activities</b>	<b>566,346,069</b>	<b>1,257,967,759</b>	<b>566,346,069</b>	<b>1,257,967,759</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 30th September</i>	Company		Group	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Net increase/ (decrease) in cash and cash equivalents	126,605,476	(4,655,282)	120,089,600	(26,002,060)
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>560,526,122</u>	<u>293,507,307</u>	<u>566,662,465</u>	<u>286,849,540</u>
<b>Reconciliation of cash and cash equivalents</b>				
Cash and cash equivalents	779,973,957	402,587,460	803,870,426	436,957,974
Bank overdrafts	(219,447,835)	(109,080,153)	(237,207,961)	(150,108,434)
	<u>560,526,122</u>	<u>293,507,307</u>	<u>566,662,465</u>	<u>286,849,540</u>
<i>Note A</i>				
<b>Reconciliation of operating profit</b>				
Profit before income tax	609,678,007	550,063,715	632,330,903	571,549,592
Depreciation	150,181,242	126,811,391	152,293,384	129,208,282
Dividend receipts on investments	(48,598,587)	(36,585,940)	(2,248,587)	(1,485,940)
Profit on disposal of motor vehicles	(30,696,803)	(23,570,131)	(30,696,803)	(23,570,131)
Provision for defined benefit plan	6,193,149	6,193,149	6,264,021	6,258,159
Impairment charge/(reversal) of financial assets	40,077,927	(10,748,664)	40,077,927	(10,748,664)
Loan losses and write offs	479,516	10,180,865	479,516	10,180,865
Loss on mark to market valuation of shares	(4,356,089)	941,742	(4,356,089)	941,742
Gain on sale of shares	-	(3,210,947)	-	(3,210,947)
Gains form available for sale financial assets	(1,305,600)	-	(1,305,600)	-
Loss on foregin currency balances	52	45	52	45
Interest accrued on loans and advances	(261,017,102)	(41,392,926)	(261,017,102)	(41,392,926)
Accrued interest on borrowings	20,473,727	88,045,663	20,473,727	88,045,663
Accrued interest on debentures	4,230,103	(9,873,449)	4,230,103	(9,873,449)
	<u>485,339,542</u>	<u>656,854,513</u>	<u>556,525,452</u>	<u>715,902,291</u>

*Figures in brackets indicate deductions.*

*The above figures are provisional and subject to audit*

<b>Segment report</b>																
As at 30th September	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.
<i>Revenue</i>																
<i>External customers</i>																
Interest	2,333,961,043	1,678,507,091	92,019,137	259,733,965	77,046,271	27,632,881	384,836,904	122,267,596	182,384,920	117,259,691	-	-	-	-	3,070,248,275	2,205,401,224
Trading	-	-	-	-	-	-	-	-	5,661,689	2,269,205	-	-	45,106	37,398	5,706,795	2,306,603
Commissions	-	-	-	-	-	-	-	-	-	-	68,227,196	53,826,655	-	-	68,227,196	53,826,655
Rent	-	-	-	-	-	-	-	-	9,947,600	8,814,000	-	-	-	-	9,947,600	8,814,000
Dividends	-	-	-	-	-	-	-	-	2,248,587	1,485,940	-	-	-	-	2,248,587	1,485,940
Other income	24,351,146	40,298,576	-	-	-	-	-	-	30,696,803	23,570,131	-	-	36,597,329	38,188,299	91,645,278	102,057,006
<b>Total revenue</b>	<b>2,358,312,189</b>	<b>1,718,805,667</b>	<b>92,019,137</b>	<b>259,733,965</b>	<b>77,046,271</b>	<b>27,632,881</b>	<b>384,836,904</b>	<b>122,267,596</b>	<b>230,939,599</b>	<b>153,398,967</b>	<b>68,227,196</b>	<b>53,826,655</b>	<b>36,642,435</b>	<b>38,225,697</b>	<b>3,248,023,731</b>	<b>2,373,891,428</b>
Profit before tax															632,330,903	571,549,592
Taxation															(206,792,507)	(185,823,859)
Profit after tax															<u>425,538,396</u>	<u>385,725,733</u>
<i>Segment Assets</i>	<u>22,368,281,772</u>	<u>16,815,146,488</u>	<u>340,937,412</u>	<u>1,195,627,822</u>	<u>835,599,461</u>	<u>353,519,762</u>	<u>3,039,234,449</u>	<u>1,305,471,381</u>	<u>4,972,506,534</u>	<u>3,688,590,153</u>	<u>28,148,212</u>	<u>42,086,948</u>	<u>1,357,526,255</u>	<u>990,112,966</u>	<u>32,942,234,095</u>	<u>24,390,555,520</u>
<i>Segment Liabilities</i>	<u>21,061,405,188</u>	<u>15,624,772,948</u>	<u>821,796,342</u>	<u>2,360,057,167</u>	<u>688,077,999</u>	<u>251,181,560</u>	<u>3,436,867,266</u>	<u>1,111,406,568</u>	<u>2,062,454,874</u>	<u>1,394,389,234</u>	<u>21,444,518</u>	<u>50,775,395</u>	<u>334,043,906</u>	<u>356,224,479</u>	<u>28,426,090,093</u>	<u>21,148,807,351</u>
<i>Information on Cash flows</i>																
Operating activities	(740,011,680)	(1,249,383,435)	123,240,670	193,704,467	(30,071,366)	(30,641,173)	(134,189,296)	(109,287,409)	652,127,734	322,566,687	33,652,298	11,665,069	(177,080,205)	(158,661,122)	(272,331,845)	(1,020,036,916)
Investing activities	-	-	-	-	-	-	-	-	(25,015,017)	(59,082,622)	-	-	56,075,200	47,420,696	31,060,183	(11,661,926)
Capital expenditure	(139,306,859)	(169,796,843)	(2,123,316)	(12,073,272)	(5,204,009)	(3,569,790)	(18,927,972)	(13,182,455)	(30,968,148)	(37,246,834)	-	-	(8,454,503)	(16,401,783)	(204,984,807)	(252,270,977)
Financing activities	-	-	-	-	-	-	-	-	-	-	-	-	566,346,069	1,257,967,759	566,346,069	1,257,967,759
<b>Net cash flow</b>	<b>(879,318,539)</b>	<b>(1,419,180,278)</b>	<b>121,117,354</b>	<b>181,631,195</b>	<b>(35,275,375)</b>	<b>(34,210,963)</b>	<b>(153,117,268)</b>	<b>(122,469,864)</b>	<b>596,144,569</b>	<b>226,237,231</b>	<b>33,652,298</b>	<b>11,665,069</b>	<b>436,886,561</b>	<b>1,130,325,550</b>	<b>120,089,600</b>	<b>(26,002,060)</b>
<i>Depreciation and amortisation</i>	(120,225,714)	(102,965,586)	(1,832,481)	(7,321,287)	(4,491,205)	(2,164,737)	(16,335,369)	(7,993,902)	-	(303,038)	(597,164)	(882,465)	(8,811,451)	(7,577,267)	(152,293,384)	(129,208,282)

## ***Selected Performance Indicators***

<i>As at 30th September</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	4,421,879	3,419,447	
Core Capital Adequacy Ratio, as % of Risk Weighted Assets	15.05%	13.93%	5%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets	16.77%	17.34%	10%
Capital funds to Deposit Liabilities Ratio	55.60%	48.08%	
<b>Asset Quality (Quality of Loan Portfolio)</b>			
Gross Non-Performing Accommodations Rs. '000	554,683	421,192	
Gross Non-Performing Accommodations Ratio, %	2.05%	2.10%	
Net Non-Performing Accommodations Ratio, %	0.62%	0.40%	
<i>Computed as per CBSL guidelines (Net of IIS)</i>			
<b>Profitability</b>			
Interest Margin	10.83%	11.32%	
Return on Assets (Before Tax)	5.00%	5.53%	
Return on Equity (After Tax)	21.74%	25.53%	
<b>Regulatory Liquidity (Rs. '000)</b>			
Required minimum amount of Liquid Assets	1,561,476	1,040,967	10%
Available amount of Liquid Assets	3,454,242	1,870,202	
Required minimum amount of Government Securities	876,255	746,151	7.5%
Available amount of Government securities	2,118,033	1,179,706	
<i>Computed as per CBSL guidelines</i>			
<b>Debt</b>			
Debt-to-Equity ratio	4.15	3.99	
Interest cover	1.37	1.53	
Interest rate of comparable government securities			
6 month Treasury bill	9.05%	9.63%	
2 year Treasury bond	9.30%	11.15%	
3 year Treasury bond	9.60%	11.55%	
4 year Treasury bond	9.85%	11.90%	
5 year Treasury bond	9.95%	12.05%	
<b>Memorandum information</b>			
Number of employees	716	604	
Number of branches	49	39	
Number of service centers	41	41	
Number of pawning centers	22	15	

*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 October 30, 2017

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	98.00	12.89%	14.47%	7.36%
3 year - 6 months gross T-bill rate + 1.50 % payable Semi-annually	Not traded	13.64%	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	13.90%	Not traded	Not traded
4 year - 13.75 % payable Semi- Annually	Not traded	14.22%	Not traded	Not traded
5 year - 15.00% payable quarterly	Not traded	15.87%	Not traded	Not traded

## 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	30.09.2017
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	30.09.2017
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	30.09.2017	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 September 30, 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 september 30, 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 October 30, 2017

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	30.09.2017	30.09.2016
Dividend per share (Rs.)	1.55	1.35
Net Assets per share (Rs.)	62.96	50.49
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 have been no events subsequent to the Balance Sheet date, which require disclosure in the Interim Financial Statement.

The company has been affirmed a long - term rating of BBB+ (lka) with a stable outlook by Fitch Ratings Lanka Limited.