



INTERIM FINANCIAL STATEMENTS

For the year ended

31st March 2019

LOLC FINANCE PLC

LOLC Finance PLC

CONTENTS

As at 31st March 2019

	Page
1 Statement of Financial Position	1
2 Statement of Profit or Loss and Other Comprehensive Income	2
3 Statement of Changes in Equity	3
4 Statement of Cash flows	4
5 Operating Segments	5
6 Notes to the Interim Financial Statements	6
7 Statement of Directors' and Chief Executive Officer's holding in Shares of the Entity	12
8 Top 20 Shareholders	13

LOLC Finance PLC

STATEMENT OF FINANCIAL POSITION

As at 31st March 2019

	As at 31.03.2019 (Unaudited) Rs. '000	As at 31.03.2018 (Audited) Rs. '000
ASSETS		
Cash and bank balances	17,535,538	11,323,366
Deposits with banks and other financial institutions	21,510,599	26,346,552
Investment in government securities and others	18,150,954	10,871,768
Derivative assets	568,530	133,541
Rentals receivable on leased assets	42,967,762	43,605,124
Loans and advances	89,278,687	96,897,095
Factoring receivable	4,066,180	10,638,755
Margin trading receivables	-	175,570
Other receivables	939,350	1,122,496
Investment securities	2,809,551	1,965,299
Amount due from related companies	5,569	32,909
Inventories	4,811	9,078
Investment properties	11,635,211	6,278,187
Property plant and equipment	1,559,025	1,714,491
Total assets	211,031,768	211,114,232
LIABILITIES		
Bank overdraft	2,242,496	4,243,170
Interest bearing borrowings	61,086,897	70,490,432
Deposits from customers	115,365,141	110,027,420
Trade payables	1,161,094	1,593,496
Accruals and other payables	3,072,699	2,388,376
Derivative liabilities	661,931	482,464
Amount due to related companies	818,395	1,497,000
Current tax payable	1,501,293	813,718
Deferred tax liability	2,286,647	2,402,219
Defined benefit obligations	87,061	70,303
Total liabilities	188,283,655	194,008,598
EQUITY		
Stated capital	7,880,000	7,880,000
Statutory reserve	3,229,411	1,996,724
Revaluation reserve	241,528	241,528
Cash flow hedge reserve	(39,059)	(6,333)
Available for sale investment reserve	-	(7,166)
Fair Value Reserve	(21,756)	-
Retained earnings	11,457,991	7,000,882
Total equity	22,748,113	17,105,634
Total liabilities and equity	211,031,768	211,114,232
Net assets per share (Rs.)	5.42	4.07

Certification :

These financial statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

Sgd.

(Mr.) Buddhika Weeratunga
Head of Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements.
Signed for and on behalf of the Board

Sgd.

(Mr.) Ravi Tissera - Deputy Chairman / CEO

Sgd.

(Mr.) Ashan Nissanka - Executive Director

23rd May 2019
Rajagiriya (Greater Colombo)

LOLC Finance PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March 2019

	For the period ended				For the quarter ended			
	Company		Group		Company		Group	
	31.03.2019 (Unaudited) Rs '000	31.03.2018 (Audited) Rs '000	31.03.2018 (Audited) Rs '000	Variance %	31.03.2019 (Unaudited) Rs '000	31.03.2018 (Audited) Rs '000	31.03.2018 (Audited) Rs '000	Variance %
Interest income	40,329,774	21,899,346	24,848,471	84%	9,937,411	5,670,241	8,619,367	75%
Interest expense	(20,891,754)	(13,902,137)	(15,016,602)	-50%	(5,213,319)	(3,438,541)	(4,553,006)	-52%
Net interest income	19,438,020	7,997,209	9,831,870	143%	4,724,092	2,231,700	4,066,361	112%
Net other operating income	6,280,934	3,735,457	3,796,819	68%	3,139,650	1,213,882	1,275,244	159%
Total income	25,718,954	11,732,666	13,628,689	119%	7,863,742	3,445,582	5,341,605	128%
Operating expenses								
Direct expenses excluding interest cost	(1,522,224)	(1,047,933)	(1,273,314)	-45%	(206,205)	266,081	40,700	177%
Allowance for impairment & write-offs	(5,700,492)	(3,709,288)	(4,449,052)	-54%	(759,979)	(1,601,962)	(2,341,726)	53%
Personnel expenses	(3,106,002)	(1,370,493)	(1,630,407)	-127%	(534,162)	(221,418)	(481,332)	-141%
Depreciation	(163,498)	(173,817)	(173,284)	6%	(43,012)	(42,327)	(48,461)	-2%
General & administration expenses	(6,733,872)	(2,997,554)	(3,558,187)	-125%	(1,858,090)	(857,795)	(1,411,762)	-117%
Profit from operations	8,492,866	2,433,582	2,544,445	249%	4,462,294	988,161	1,099,024	352%
Value added tax on financial services	(1,389,654)	(348,841)	(480,484)	-298%	(677,859)	(88,933)	(220,576)	-662%
Profit before income tax expense	7,103,211	2,084,740	2,063,961	241%	3,784,435	899,228	878,449	321%
Income tax expense	(1,158,818)	116,686	127,213	1093%	(320,901)	398,080	408,607	181%
Profit for the period	5,944,393	2,201,426	2,191,174	170%	3,463,534	1,297,308	1,287,056	167%
Other comprehensive income								
Items that will never be reclassified to profit or loss								
Remeasurements of defined benefit liability - gain / (loss)	(4,097)	(2,609)	(2,609)	57%	(4,097)	(2,609)	(2,609)	57%
Related tax	1,147	731	731	57%	1,147	731	731	57%
	(2,950)	(1,879)	(1,879)	57%	(2,950)	(1,879)	(1,879)	57%
Revaluation of property, plant and equipment	-	-	43,114	-	-	-	35,298	-
Related tax	-	-	(7,817)	-	-	-	-	-
	-	-	35,298	-	-	-	35,298	-
Movement in fair value - equity investments at FVOCI	22,480	-	-	-	-	-	35,298	-
Related tax	(2,248)	-	-	-	-	-	-	-
	20,232	-	-	-	-	-	35,298	-
Total of items that will never be reclassified to profit or loss	17,282	(1,879)	33,419	-1020%	(2,950)	(1,879)	33,419	57%
Items that are or may be reclassified to profit or loss								
Available-for-sale financial assets - net change in fair value	-	128,105	128,083	-100%	56,103	(10,616)	(10,639)	-628%
Movement in fair value - debt investments at FVOCI	(34,822)	-	-	-	-	-	-	-
Net amount transferred to profit or loss	-	(16,746)	(16,746)	100%	-	(16,746)	(16,746)	-100%
Related tax	-	(3,019)	(3,019)	-100%	-	(3,019)	(3,019)	-100%
	(34,822)	108,341	108,319		56,103	(30,380)	(30,403)	
Movement in hedge reserve	(45,453)	(26,649)	(28,569)	71%	(58,202)	(8,748)	(10,669)	565%
Related tax	12,727	7,462	7,999	71%	12,727	7,462	7,999	71%
	(32,726)	(19,187)	(20,570)		(45,475)	(1,287)	(2,669)	
Total of items that are or may be reclassified to profit or loss	(67,548)	89,154	87,749	-176%	10,628	(31,667)	(33,072)	-134%
Total comprehensive income, net of tax	(50,266)	87,275	121,168	-158%	7,678	(33,546)	347	-123%
Total comprehensive income for the period	5,894,126	2,288,701	2,312,342		3,471,212	1,263,762	1,287,402	
Profit for the period attributable to;								
Equity holders of the Company			2,191,174				1,287,056	
Non-controlling interests			-				-	
Profit for the period			2,191,174				1,287,056	
Total comprehensive income attributable to;								
Equity holders of the Company			2,312,342				1,287,402	
Non-controlling interests			-				-	
Total comprehensive income for the period			2,312,342				1,287,402	
Basic earnings per share (Rs.)	1.42	0.77	0.77		0.82	0.43	0.42	

LOLC Finance PLC

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2019

	Stated Capital	Statutory Reserve	Revaluation Reserve	Cash flow Hedge Reserve	Available for Sale Investment Reserve	Fair Value Reserve	Retained Earnings	Total Equity
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
Balance as at 01 April 2017	2,000,000	1,556,439	206,230	14,237	(115,485)		7,364,836	11,026,257
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-		2,201,426	2,201,426
<i>Other comprehensive income, net of income tax</i>								
Remeasurements of defined benefit liability - gain / (loss)	-	-	-	-	-		(1,879)	(1,879)
Net change in fair value of AFS investments	-	-	-	-	108,341		-	108,341
Net movement of cashflow hedges	-	-	-	(19,187)	-		-	(19,187)
Total other comprehensive income for the period	-	-	-	(19,187)	108,341		(1,879)	87,275
Total comprehensive income for the period	-	-	-	(19,187)	108,341		2,199,548	2,288,701
Transactions recorded directly in equity								
Transfer to Investment Fund Reserve	-	440,285	-	-	-		(440,285)	-
Transferred to retained earnings during the year	-	-	-	-	-		-	-
Shares issued during the year	5,880,000	-	-	-	-		-	5,880,000
Excess of the investment and other adjustments on merger with subsidiary	-	-	35,298	(1,382)	(23)		(2,123,217)	(2,089,324)
Total transactions recorded directly in equity	5,880,000	440,285	35,298	(1,382)	(23)		(2,563,502)	3,790,676
Balance as at 31 March 2018	7,880,000	1,996,724	241,528	(6,333)	(7,166)		7,000,882	17,105,634
Impact on adoption of SLFRS 9								
Recognition of SLFRS 9 ECLs including those measured at FVOCI	-	-	-	-	-	-	(401,952)	(401,952)
Deferred tax on transitional adjustments	-	-	-	-	-	-	150,305	150,305
Transfer of AFS reserve to fair value reserve	-	-	-	-	7,166	(7,166)	-	(0)
	-	-	-	-	7,166	(7,166)	(251,647)	(251,647)
Balance as at 01 April 2018	7,880,000	1,996,724	241,528	(6,333)	-	(7,166)	6,749,235	16,853,987
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-		5,944,393	5,944,393
<i>Other comprehensive income, net of income tax</i>								
Remeasurements of defined benefit liability - gain / (loss)	-	-	-	-	-	-	(2,950)	(2,950)
Movement in fair value - equity investments at FVOCI	-	-	-	-	-	20,232	-	20,232
Movement in fair value - debt investments at FVOCI	-	-	-	-	-	(34,822)	-	(34,822)
Net movement of cashflow hedges	-	-	-	(32,726)	-	-	-	(32,726)
Total other comprehensive income for the period	-	-	-	(32,726)	-	(14,590)	(2,950)	(50,266)
Total comprehensive income for the period	-	-	-	(32,726)	-	(14,590)	5,941,443	5,894,126
Transactions recorded directly in equity								
Transfer to Statutory Reserve Fund	-	1,232,687	-	-	-	-	(1,232,687)	-
Total transactions recorded directly in equity	-	1,232,687	-	-	-	-	(1,232,687)	-
Balance as at 31 March 2019	7,880,000	3,229,411	241,528	(39,059)	-	(21,756)	11,457,991	22,748,114

LOLC Finance PLC

STATEMENT OF CASH FLOWS

For the year ended 31st March 2019

	2019 Rs '000	2018 Rs '000
Cash flows from / (used in) operating activities		
Profit before income tax expense	7,103,211	2,084,740
Adjustments for:		
Depreciation	163,498	173,817
(Profit) / loss on Sales of Investment property	-	(5,463)
(Profit)/Loss on Sales of PPE/ Investment properties	(5,075)	(78,239)
Change in fair value of derivatives - forward contracts	(255,522)	36,452
Provision for fall / (increase) in value of investments	(171,642)	(518,659)
Change in fair value of investment property	(2,321,834)	
Impairment provision for the period	1,375,166	(704,594)
Provision for defined benefit plans	19,304	5,987
Investment income	(2,334,009)	(1,935,902)
Finance costs	20,891,754	13,902,137
Operating profit / (loss) before working capital changes	24,464,850	12,960,276
Change in other receivables	99,484	619,496
Change in Inventories	4,267	(8,515)
Change in trade and other payables	181,864	597,375
Change in amounts due to/ due from related parties	(651,264)	(7,501,572)
Change in factoring receivables	5,936,218	6,020,394
Change in lease receivables	106,987	(7,154,674)
Change in hire purchase, loans and advances	7,195,497	(5,487,212)
Change in margin trading advances	175,570	(80,745)
Change in fixed deposits from customers	5,421,967	23,827,482
Change in savings deposits from customers	132,196	5,048,050
Cash generated from / (used in) operations	43,067,635	28,840,355
Finance cost paid on deposits	(14,148,202)	(11,444,753)
Gratuity paid	(6,643)	(1,932)
Income tax paid	(447,201)	(332,055)
Net cash from / (used in) operating activities	28,465,588	17,061,615
Cash flows from / (used in) investing activities		
Acquisition of Property, Plant & Equipment & Investment property	(3,063,600)	(2,908,922)
Proceeds from disposal of PPE/ Investment properties	16,618	
Net proceeds from investments in term deposits	1,495,556	6,388,658
Proceeds from sale of investment property	-	42,663
Net Proceeds from investments in Debenture	(308,768)	
Net proceeds from Investments in unit trust	(350,487)	(968,167)
Net proceeds from investments in government securities	(3,979,499)	(2,041,284)
Interest received	2,334,009	1,935,902
Net cash flows used in investing activities	(3,856,171)	2,448,849
Cash flows from / (used in) financing activities		
Proceeds from issuance of new shares(Right issue)	-	5,880,000
Net proceeds from interest bearing loans & borrowings	(11,557,552)	(7,355,500)
Proceeds from issue of debentures	2,500,000	
Lease rentals paid - principal	(271,408)	(520,036)
Finance cost paid on borrowings	(7,067,612)	(1,938,991)
Net cash flows from / (used in) financing activities	(16,396,572)	(3,934,527)
Net increase / (decrease) in cash and cash equivalents	8,212,846	3,309,938
Addition on merger with subsidiary		1,239,463
Cash and cash equivalents at the beginning of the year	7,080,197	2,530,796
Cash and cash equivalents at the end of the period	15,293,043	7,080,196
Analysis of cash and cash equivalents at the end of the period		
Cash and bank balances	17,535,539	11,323,366
Bank overdraft	(2,242,496)	(4,243,170)
	15,293,043	7,080,196

LOLC Finance PLC

OPERATING SEGMENTS

For the year ended 31st March 2019

	Conventional Financial Services Rs '000	Islamic Financial Services Rs '000	Factoring Business Rs '000	Others/ Adjustments Rs '000	Total Rs '000
For the year ended 31st March 2019					
Total revenue	41,831,524	2,790,058	1,989,126	-	46,610,708
Inter-segmental revenue	-	-	-	-	-
External revenue	41,831,524	2,790,058	1,989,126	-	46,610,708
Net interest cost	(18,438,389)	(1,276,993)	(1,176,372)	-	(20,891,754)
Profit before operating expenses	23,393,135	1,513,065	812,754	-	25,718,954
Operating expenses	(10,970,864)	(554,732)	-	-	(11,525,597)
Allowance for impairment & write-offs	(4,319,379)	(342,838)	(1,038,274)	-	(5,700,492)
Value added tax on financial services	(1,274,566)	(115,089)	-	-	(1,389,654)
Profit before income tax	6,828,326	500,406	(225,520)	-	7,103,211
For the year ended 31st March 2018					
Total revenue	22,039,999	2,573,403	4,031,889	-	28,645,291
Inter-segmental revenue	-	-	-	-	-
External revenue	22,039,999	2,573,403	4,031,889	-	28,645,291
Net interest cost	(11,561,536)	(1,271,783)	(2,183,282)	-	(15,016,602)
Profit before operating expenses	10,478,462	1,301,620	1,848,608	-	13,628,689
Operating expenses	(6,110,659)	(524,534)	-	-	(6,635,192)
Allowance for impairment & write-offs	(2,043,554)	(161,113)	(2,244,385)	-	(4,449,052)
Value added tax on financial services	(400,764)	(79,720)	-	-	(480,484)
Profit before income tax	1,923,486	536,253	(395,777)	-	2,063,961
As at 31.03.2019					
Total assets	194,866,953	12,318,353	4,066,180	(219,718)	211,031,768
Total liabilities	174,501,327	9,935,866	4,066,180	(219,718)	188,283,655
As at 31.03.2018					
Total assets	185,999,357	14,631,612	10,638,755	(155,492)	211,114,232
Total liabilities	170,977,234	12,548,101	10,638,755	(155,492)	194,008,598

LOLC Finance PLC

NOTES TO INTERIM FINANCIAL STATEMENTS

As at 31st March 2019

1. General

- These interim financial statements have been prepared in accordance with LKAS 34 Interim Financial Reporting and do not include all of the information required for a full set of financial statements.
- The requirements of the Colombo Stock Exchange and the Companies Act No.7 of 2007 have also been considered in preparing these financial statements
- The information for the preparation of these interim financial statements has been drawn up from the unaudited financial records of the Company.
- Accounting policies and methods of computation as stated in the annual report for the year 2017/18 are followed in the preparation of these Interim Financial Statements. Additionally, the classifications and measurements which required by SLFRS 09 also incorporated.

2. Stated Capital

The Stated Capital of the Company is represented by 4,200,000,000 ordinary shares.

3. Provision for management expenditure

All expenses related to management expenditure are fully provided for in these Interim Financial Statements.

4. Share information

Market prices of ordinary shares recorded during the quarter ended 31st March 2019 are as follows:

	Rs'
Market price as at 31st March 2019	3.10
Highest Price	4.10
Lowest Price	3.00

5. Debenture information

The debt capital of the company comprises of fifty million (50,000,000) rated unsecured subordinated redeemable debentures issued in January, 2015. These debentures are listed in the Colombo Stock Exchange. ICRA Lanka Ltd upgraded the credit rating of the above debentures to [SL]A- with stable outlook from [SL]BBB+ with stable outlook during the financial year 2015/16 and reaffirmed during this financial year as [SL]A-(Stable).

In addition, the company issued thirty four million (34,110,193) rated unsecured subordinated redeemable debentures in July 2018. These debentures are also listed in the Colombo Stock Exchange. ICRA Lanka Ltd rated these debentures as [SL]A-(Stable).

- Interest rates of the debentures

Instrument type	Interest frequency	Coupon (% p.a)	Interest yield as at last trade	Yield to maturity of last trade done	Interest rate of comparable Government Security
Type A - 5 Years Tenor	Quarterly	9.00%	9.91%	11.30%	11.56%
Type B - 5 Years Tenor	Semi Annual	9.10%	9.10%	9.10%	11.56%
Type C - 5 Years Tenor	Annually	9.25%	9.25%	9.25%	11.56%
Type A - 5 Years Tenor	Semi-annual	14.75%	14.75%	14.75%	11.56%
Type B - 5 Years Tenor	At maturity	20.13%	20.13%	20.13%	11.56%

- Market prices & issue prices of debentures recorded during the quarter ended 31st March 2019 are as follows.

Instrument Type	Issue Price	Highest Price	Lowest Price	Last Traded Price	Last Traded Date
Type A - 5 Years Tenor	Rs.100.00	Rs. 90.84	Rs. 90.84	Rs. 90.84	18-Apr-17
Type B - 5 Years Tenor	Rs.100.00	Not Traded	Not Traded	Not Traded	N/A
Type C - 5 Years Tenor	Rs.100.00	Not Traded	Not Traded	Not Traded	N/A
Type A - 5 Years Tenor	Rs.100.00	Not Traded	Not Traded	Not Traded	N/A
Type B - 5 Years Tenor	Rs. 49.83	Not Traded	Not Traded	Not Traded	N/A

- Debt security related ratios

	As at 31.03.2019	As at 31.03.2018
Debt to equity ratio (With Deposits)	7.86 times	10.8 times
Quick asset ratio	0.94 times	0.88 times
Interest cover	1.34 times	1.14 times

6. Issuer rating - ICRA

ICRA Lanka assigned the company an issuer rating of (SL) A (Stable outlook).

LOLC Finance PLC

NOTES TO INTERIM FINANCIAL STATEMENTS

As at 31st March 2019

7 Financial assets and liabilities

7 Accounting classifications and fair values

As at 31st March 2019

The table below sets out the carrying amounts of the Company's financial assets and financial liabilities.

Description				Total Carrying amount	Fair value	Rs. '000
	Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost / Not measured at fair value			Fair value measurement level
Cash and cash equivalents	-	-	17,535,538	17,535,538	17,535,538	
Deposits with banks and other financial institutions	-	-	21,510,599	21,510,599	21,510,599	
Investment in government securities						
- Measured at fair value	-	6,576,964	-	6,576,964	6,576,964	Level 1
- Measured at amortized cost	-		12,573,990	12,573,990	12,573,990	
Derivative assets	568,530	-	-	568,530	568,530	Level 2
Investment securities	2,094,573	-	406,210	2,500,783	2,500,783	Level 1
Rentals receivable on leased assets	-	-	42,967,762	42,967,762	44,555,836	Level 2
Hire purchases, loans and advances	-	-	89,278,687	89,278,687	90,663,298	Level 2
Factoring receivable	-	-	4,066,180	4,066,180	4,066,180	
Margin trading receivables	-	-	-	-	-	
Amount due from related companies	-	-	5,569	5,569	5,569	
Other financial assets	-	-	539,787	539,787	539,787	
Total financial assets	2,663,103	6,576,964	188,884,322	198,124,389	201,097,074	
Bank overdraft	-	-	2,242,496	2,242,496	2,242,496	
Interest bearing borrowings	-	-	61,086,897	61,086,897	61,249,841	Level 2
Deposits from customers	-	-	115,365,141	115,365,141	115,963,629	Level 2
Trade payables	-	-	1,161,094	1,161,094	1,161,094	
Accruals and other payables	-	-	2,958,364	2,958,364	2,958,364	
Derivative liabilities	661,931	-	-	661,931	661,931	Level 2
Amount due to related companies	-	-	818,395	818,395	818,395	
Total financial liabilities	661,931	-	183,632,388	184,294,319	185,055,751	

LOLC Finance PLC

NOTES TO INTERIM FINANCIAL STATEMENTS

As at 31st March 2019

Financial assets and liabilities (Cont.)

7 Accounting classifications and fair values

As at 31st March 2018

The table below sets out the carrying amounts of the Company's financial assets and financial liabilities.

Description	Fair value – derivatives	Fair value - held for trading	Fair value through other comprehensive income / carried at cost– available for sale	Amortized cost / Not measured at fair value	Rs. '000	
					Total Carrying amount	Fair value measurement level
Cash and cash equivalents	-	-	-	11,323,366	11,323,366	
Deposits with banks	-	-	-	26,346,552	26,346,552	
Investment in government securities						
- Measured at fair value	-	-	4,381,048	-	4,381,048	Level 1
- Measured at amortized cost	-	-	-	6,490,720	6,490,720	
Derivative assets	133,541	-	-	-	133,541	Level 2
Investment securities	-	1,744,987	-	220,312	1,965,299	Level 1
Rentals receivable on leased assets	-	-	-	43,605,125	43,605,125	Level 2
Hire purchases, loans and advances	-	-	-	96,897,095	96,897,095	Level 2
Factoring receivable	-	-	-	10,638,755	10,638,755	
Margin trading receivables	-	-	-	175,570	175,570	
Amount due from related companies	-	-	-	32,909	32,909	
Other financial assets	-	-	-	506,768	506,768	
Total financial assets	133,541	1,744,987	4,381,048	196,237,172	202,496,748	203,320,309
Bank overdraft	-	-	-	4,243,170	4,243,170	
Interest bearing borrowings	-	-	-	70,490,432	70,490,432	Level 2
Deposits from customers	-	-	-	110,027,420	110,027,420	Level 2
Trade payables	-	-	-	1,593,496	1,593,496	
Accruals and other payables	-	-	-	2,206,129	2,206,129	
Derivative liabilities	482,464	-	-	-	482,464	Level 2
Amount due to related companies	-	-	-	1,497,000	1,497,000	
Total financial liabilities	482,464	-	-	190,057,647	190,540,111	189,982,186

LOLC Finance PLC

NOTES TO INTERIM FINANCIAL STATEMENTS

As at 31st March 2019

7.2 Financial assets and liabilities- Valuation technique

Level 2 fair value – market comparison technique

- Derivative assets and liabilities / Forward exchange contracts – fair value is based on broker quotes of similar contracts and

Level 2 fair value – discounted cash flows

Financial instruments not measured at fair value

- For the purpose of disclosing fair value of the financial instruments not measured at fair value (carried at amortized cost)

8. Events after reporting date

There have been no material events occurring after the reporting date that require adjustment to or disclosure in these Financial Statements

9. Selected performance indicators

Regulatory Capital Adequacy	31.03.2019	31.03.2018
- Total Tier I Core Capital Rs. '000	16,435,467	16,864,106
- Total Capital Base Rs. '000	20,667,043	18,445,618
- Core capital adequacy ratio (Minimum requirement 6%)	8.31%	10.06%
- Total capital adequacy ratio (Minimum requirement 10%)	10.45%	11.01%
Asset Quality Ratios	31.03.2019	31.03.2018
- Gross Non-Performing Advances Ratio	6.38%	3.82%
- Net Non-Performing Advances Ratio	2.66%	1.00%
Regulatory Liquidity	31.03.2019	31.03.2018
- Available Liquid Assets Rs. '000	26,273,231	25,567,912
- Required Liquid Assets Rs. '000	13,363,565	16,843,147
- Liquid assets to Deposits ratio	22.77%	23.24%

10. Contingent liabilities

There are no significant changes in the nature of the contingent liabilities disclosed in the annual report for the year ended 31

11. Comparative information

The comparative information is re-classified wherever necessary to comply the scope of SLFRS 9 “Financials Instruments”. Therefore, the impact and differences arising from the adoption of SLFRS 9 have been disclosed in Note 12 (Transition Disclosures).

LOLC Finance PLC

NOTES TO INTERIM FINANCIAL STATEMENTS

As at 31st March 2019

12. Transition Disclosures

The following notes set out the impact of adopting Sri Lanka Accounting Standard - SLFRS 9 (Financial Instruments) at transition date, 01st April 2018 on Statement of Financial Position. This explains the impact on adoption of expected credit loss (ECL) calculations under SLFRS 9 compared to the calculations under Sri Lanka Accounting Standard - LKAS 39 (Financial Instruments - recognition and measurement).

Reclassification and Re-measurement :

Reclassification reflect the movement of balances between the categories on the Statement of Financial Position. No any impact to the shareholders' equity and no differences in carrying values due to the reclassification. Re-measurement adjustments reflect the changes in carrying values on the statement of Financial Position due to the impact of expected credit loss (ECL). These were recognized to the shareholders' equity net of tax.

As at 31 March 2018

Rs '000

Description	LKAS 39 Category	Amount	Reclassification	Re-measurement ECL	Other	Amount	SLFRS 09 Category
Financial assets							
Cash and cash equivalents	Loans and receivables	11,323,366	-	-	-	11,323,366	Amortised cost
Deposits with banks	Loans and receivables	26,346,552	-	-	-	26,346,552	Amortised cost
Investment in government securities							
- Measured at fair value	Available for sale	4,381,048	-	-	-	4,381,048	Fair value through OCI
- Measured at amortized cost	Loans and receivables	6,490,720	-	-	-	6,490,720	Amortised cost
Derivative assets	Fair value through PL	133,541	-	-	-	133,541	Fair value through PL
Investment securities							
- To: Financial Assets - Measured at fair value			1,811,649	-	167,005	1,978,654	Fair value through PL
- To: Financial Assets - Available for sale			153,650	-	-	153,650	Fair value through OCI
- From: Financial Assets - Held for Trading		1,744,987	(1,744,987)	-	-	-	
- From: Financial Assets - Available for sale		66,662	(66,662)	-	-	-	
- From: Financial Assets - Available for sale		153,650	(153,650)	-	-	-	
Rentals receivable on leased assets	Loans and receivables	43,605,125	-	(472,696)	-	43,132,429	Amortised cost
Hire purchases, loans and advances	Loans and receivables	96,897,095	-	59,351	-	96,956,446	Amortised cost
Factoring receivable	Loans and receivables	10,638,755	-	(144,922)	-	10,493,833	Amortised cost
Margin trading receivables	Loans and receivables	175,570	-	-	-	175,570	Amortised cost
Amount due from related companies	Loans and receivables	32,909	-	-	-	32,909	Amortised cost
Other financial assets	Loans and receivables	506,768	-	-	-	506,768	Amortised cost
		202,496,748	-	(558,268)	167,005	202,105,486	
Non-financial assets							
Inventories	N/A	9,078	-	-	-	9,078	N/A
Investment properties	N/A	6,278,187	-	-	-	6,278,187	N/A
Property plant and equipment	N/A	1,714,491	-	-	-	1,714,491	N/A
Other non-financial assets	N/A	615,728	-	-	-	615,728	N/A
		8,617,485	-	-	-	8,617,485	
Total assets		211,114,233	-	(558,268)	167,005	210,722,970	
Financial liabilities							
Bank overdraft	Amortised cost	4,243,170	-	-	-	4,243,170	Amortised cost
Interest bearing borrowings	Amortised cost	70,490,432	-	-	-	70,490,432	Amortised cost
Deposits from customers	Amortised cost	110,027,420	-	-	-	110,027,420	Amortised cost
Trade payables	Amortised cost	1,593,496	-	-	-	1,593,496	Amortised cost
Accruals and other payables	Amortised cost	2,206,129	-	-	-	2,206,129	Amortised cost
Derivative liabilities	Fair value through PL	482,464	-	-	-	482,464	Fair value through PL
Amount due to related companies	Amortised cost	1,497,000	-	-	-	1,497,000	Amortised cost
		190,540,111	-	-	-	190,540,111	
Non-financial assets liabilities							
Current tax payable	N/A	813,718	-	-	-	813,718	N/A
Deferred tax liability	N/A	2,402,219	-	(156,315)	16,701	2,262,605	N/A
Defined benefit obligations	N/A	70,303	-	-	-	70,303	N/A
Other non-financial liabilities	N/A	182,247	-	-	-	182,247	N/A
		3,468,487	-	(156,315)	16,701	3,328,873	
Total liabilities		194,008,598	-	(156,315)	16,701	193,868,984	

Description	LKAS 39		Reclassification	Re-measurement		SLFRS 09	
	Category	Amount		ECL	Other	Amount	Category
Equity							
Stated capital	N/A	7,880,000	-	-	-	7,880,000	N/A
Statutory reserve	N/A	1,996,724	-	-	-	1,996,724	N/A
Revaluation reserve	N/A	241,528	-	-	-	241,528	N/A
Cash flow hedge reserve	N/A	(6,333)	-	-	-	(6,333)	N/A
Available for sale reserve	N/A	(7,166)	7,166	-	-	-	N/A
Fair Value Reserve	N/A	-	(7,166)	-	-	(7,166)	N/A
Retained earnings	N/A	7,000,882	-	(401,953)	150,305	6,749,234	N/A
Total equity		17,105,634	-	(401,953)	150,305	16,853,986	
Total liabilities and equity		211,114,233	-	(558,268)	167,005	210,722,970	

As at 1st April 2018, Financial assets previously classified as loans and receivables have been reclassified as debt and other instruments at amortized cost. These assets fulfill the Solely Payments of Principle and Interest (SPPI) criterion. They were held to collect cash and not for sale. Financial Assets previously classified as available for sale have been reclassified as financial assets fair value through other comprehensive income with the adoption of SLFRS 9.

The Impact on Retained Earnings by Transition to SLFRS 9 is as follows,

	Rs 000'
Closing balance under LKAS 39 as at 31st March 2018	7,000,882
Re-measurement adjustments on adoption of SLFRS 9	
Recognition of SLFRS 9 ECLs for loans and investments	(401,953)
Deferred tax on above	150,305
Total change in equity due to adoption of SLFRS 9	(251,648)
Adjusted Opening balance under SLFRS 9 as at 1st April 2018	6,749,234

LOLC Finance PLC

STATEMENT OF DIRECTORS' HOLDING AND CHIEF EXECUTIVE OFFICER'S HOLDING IN SHARES OF THE ENTITY

As at 31st March 2019

Directors Name	No. of shares	%
Mr B.C.G. de Zylva (Non- Executive Chairman)	Nil	Nil
Mr R.D. Tissera (Deputy Chairman) / CEO	Nil	Nil
Mr A. Nissanka (Executive Director)	1,300,800	0.03%
Mrs K.U. Amarasinghe (Executive Director)	Nil	Nil
Mrs D.P. Pieris (Senior Independent Director)	Nil	Nil
Mr P.A. Wijeratne (Independent Director)	5,000	0.00%

LOLC Finance PLC

TOP 20 SHAREHOLDERS

As at 31st March 2019

	Shareholder	No. of Shares	% of Issued Capital
1	LOLC Holdings Plc	3,919,921,531	93.33%
2	Saakya Capital (Private) Ltd	137,455,320	3.27%
3	Satya Capital (Pvt) Ltd	52,000,000	1.24%
4	Capital Alliance Holdings Ltd	11,412,000	0.27%
5	Dr. R.R.De Silva	11,371,515	0.27%
6	Capital Trust Holdings Ltd	4,660,441	0.11%
7	National Savings Bank	4,540,195	0.11%
8	Hatton National Bank Plc- Astrue Alpha Fund	3,463,945	0.08%
9	Mr. D.Kotthoff	2,320,401	0.06%
10	Dr. A R Wikramanayake	1,688,500	0.04%
11	Commercial Bank Of Ceylon Plc/S V Somasunderam	1,500,000	0.04%
12	Hatton National Bank Plc/Capital Trust Holdings Limited	1,307,300	0.03%
13	Bansei Securities Capital (Pvt) Ltd/A Nissanka	1,300,800	0.03%
14	Mr. L.A.J.F.Morais	1,236,128	0.03%
15	Mr. R E Rambukwella	1,127,443	0.03%
16	People's Leasing & Finance Plc/Mr M I Samsudeen	1,028,259	0.02%
17	Hatton National Bank Plc/Sanka Ramoorthy Nadaraj Kumar	977,776	0.02%
18	R C Wijesena	975,000	0.02%
19	Dialog Finance Plc/R Collom	843,303	0.02%
20	Sezeka Limited	785,000	0.02%
Total shares held by Top 20 Shareholders		4,159,914,857	99.05%

Public shareholding

Information pertaining to public shareholding as at 31st March 2019 is as follows:

	31-Mar-19	31-Mar-18
Public holding percentage	6.63%	6.59%
Number of public shareholders	2,701	2,810
Float Adjusted Market Capitalization	862,537,326	1,079,432,909

The Company is not compliant with the minimum public holding requirement stipulated in the Listing Rule 17.13.1.(b) (Option 1) of the Colombo Stock Exchange. This arose consequent to the rights issue made by the Company in March 2018 and the subscription by the public shareholders was less than their entitlement.

The Board of Directors of the Company is in the process of evaluating options in this regard.