



# Central Finance Company PLC

Rated A+(Ika) by Fitch Ratings Lanka Ltd.

**INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED  
30TH SEPTEMBER 2018**

<b>CENTRAL FINANCE COMPANY PLC</b>						
<b>INCOME STATEMENT</b>						
For the six months ended 30th September	<b>Group</b>			<b>Company</b>		
	<b>2018</b>	<b>2017</b>		<b>2018</b>	<b>2017</b>	
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Increase</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Increase</b>
	<b>Rs.'000</b>	<b>(Restated)</b>	<b>(decrease)</b>	<b>Rs.'000</b>	<b>(Restated)</b>	<b>(decrease)</b>
		<b>Rs.'000</b>	<b>%</b>		<b>Rs.'000</b>	<b>%</b>
Income	<b>11,258,708</b>	9,994,574	12.65	<b>9,697,140</b>	8,640,841	12.22
Interest income	<b>8,903,422</b>	7,830,558	13.70	<b>8,863,214</b>	7,794,956	13.70
Less: Interest expenses	<b>2,846,245</b>	2,505,809	13.59	<b>2,858,202</b>	2,515,647	13.62
Net interest income	<b>6,057,177</b>	5,324,749	13.76	<b>6,005,012</b>	5,279,309	13.75
Other revenue	<b>1,584,808</b>	1,386,139	14.33	-	-	-
Less: Cost of sales	<b>1,121,605</b>	991,055	13.17	-	-	-
Gross profit	<b>463,203</b>	395,084	17.24	-	-	-
Other operating income	<b>497,457</b>	369,551	34.61	<b>499,302</b>	369,733	35.04
Other income	<b>273,021</b>	408,326	(33.14)	<b>334,624</b>	476,152	(29.72)
	<b>7,290,858</b>	6,497,710	12.21	<b>6,838,938</b>	6,125,194	11.65
Less: Operating expenses						
Personnel expenses	<b>1,041,713</b>	933,391	11.61	<b>909,402</b>	802,533	13.32
Premises, equipment, establishment and other expenses	<b>1,183,543</b>	1,458,996	(18.88)	<b>1,103,727</b>	1,383,989	(20.25)
Employee retirement benefit expenses	<b>106,935</b>	98,046	9.07	<b>96,000</b>	86,500	10.98
	<b>2,332,191</b>	2,490,433	(6.35)	<b>2,109,129</b>	2,273,022	(7.21)
Profit before impairment on loans and other credit losses	<b>4,958,667</b>	4,007,277	23.74	<b>4,729,809</b>	3,852,172	22.78
Less: Impairment on loans and other credit losses	<b>547,177</b>	284,461	92.36	<b>544,673</b>	284,108	91.71
	<b>4,411,490</b>	3,722,816	18.50	<b>4,185,136</b>	3,568,064	17.29
Share of profit of associates	<b>647,668</b>	701,880	(7.72)	-	-	-
Profit before VAT on financial services, NBT and income tax	<b>5,059,158</b>	4,424,696	14.34	<b>4,185,136</b>	3,568,064	17.29
Less: VAT on financial services and NBT	<b>640,988</b>	528,161	21.36	<b>640,988</b>	528,161	21.36
<b>Profit before income tax</b>	<b>4,418,170</b>	3,896,535	13.39	<b>3,544,148</b>	3,039,903	16.59
Less: Income tax expense	<b>1,487,681</b>	1,348,599	10.31	<b>1,177,766</b>	1,032,927	14.02
<b>Profit after income tax</b>	<b>2,930,489</b>	2,547,936	15.01	<b>2,366,382</b>	2,006,976	17.91
Attributable to equity holders of the parent	<b>2,886,844</b>	2,517,752	14.66	<b>2,366,382</b>	2,006,976	17.91
Attributable to non-controlling interest	<b>43,645</b>	30,184	44.60	-	-	-
<b>Net profit for the period</b>	<b>2,930,489</b>	2,547,936	15.01	<b>2,366,382</b>	2,006,976	17.91
Basic and diluted earnings per share - Rs.	<b>13.20</b>	11.51				

The annexed notes form an integral part of these interim financial statements.

**CENTRAL FINANCE COMPANY PLC**  
**STATEMENT OF COMPREHENSIVE INCOME**

For the six months ended 30th September	<b>Group</b>			<b>Company</b>		
	<b>2018</b>	<b>2017</b>		<b>2018</b>	<b>2017</b>	
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Increase</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Increase</b>
	<b>Rs.'000</b>	<b>(Restated)</b>	<b>(decrease)</b>	<b>Rs.'000</b>	<b>(Restated)</b>	<b>(decrease)</b>
		<b>Rs.'000</b>	<b>%</b>		<b>Rs.'000</b>	<b>%</b>
Profit for the period	<b>2,930,489</b>	2,547,936	15.01	<b>2,366,382</b>	2,006,976	17.91
<b>Other comprehensive income not to be reclassified to income statement</b>						
Actuarial gains / (losses) on defined benefit plans						
Share of other comprehensive income of associates	<b>233</b>	-	-	-	-	-
Tax effect	<b>(65)</b>	-	-	-	-	-
Total other comprehensive income not to be reclassified to income statement	<b>168</b>	-	-	-	-	-
<b>Other comprehensive income for the period (net of tax)</b>	<b>168</b>	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>2,930,657</b>	2,547,936	15.02	<b>2,366,382</b>	2,006,976	17.91
Attributable to equity holders of the parent	<b>2,887,012</b>	2,517,752	14.67	<b>2,366,382</b>	2,006,976	17.91
Attributable to non-controlling interest	<b>43,645</b>	30,184	44.60	-	-	-
<b>Total comprehensive income for the period</b>	<b>2,930,657</b>	2,547,936	15.02	<b>2,366,382</b>	2,006,976	17.91

The annexed notes form an integral part of these interim financial statements.

CENTRAL FINANCE COMPANY PLC INCOME STATEMENT						
For the three months ended 30th September	Group			Company		
	2018	(Restated) 2017	Increase	2018	(Restated) 2017	Increase
	Unaudited Rs.'000	Unaudited Rs.'000	(decrease) %	Unaudited Rs.'000	Unaudited Rs.'000	(decrease) %
Income	5,839,904	5,132,450	13.78	4,969,347	4,387,305	13.27
Interest income	4,590,225	4,003,490	14.66	4,568,337	3,984,455	14.65
Less: Interest expenses	1,456,981	1,284,613	13.42	1,462,894	1,289,422	13.45
Net interest income	3,133,244	2,718,877	15.24	3,105,443	2,695,033	15.23
Other revenue	895,084	762,492	17.39	-	-	
Less: cost of sales	641,915	541,745	18.49	-	-	
Gross profit	253,169	220,747	14.69	-	-	
Other operating income	252,391	189,717	33.04	253,314	189,822	33.45
Other income	102,204	176,751	(42.18)	147,696	213,028	(30.67)
	3,741,008	3,306,092	13.15	3,506,453	3,097,883	13.19
Less: Operating expenses						
Personnel expenses	529,374	477,929	10.76	463,268	412,564	12.29
Premises, equipment, establishment and other expenses	614,590	751,698	(18.24)	569,891	714,324	(20.22)
Employee retirement benefit expenses	53,466	49,062	8.98	48,000	43,500	10.34
	1,197,430	1,278,689	(6.35)	1,081,159	1,170,388	(7.62)
Profit before impairment on loans and other credit losses	2,543,578	2,027,403	25.46	2,425,294	1,927,495	25.83
Less: Impairment on loans and other credit losses	234,397	56,092	317.88	233,797	55,709	319.68
	2,309,181	1,971,311	17.14	2,191,497	1,871,786	17.08
Share of profit of associates	324,478	396,454	(18.15)	-	-	
Profit before VAT on financial services, NBT and income tax	2,633,659	2,367,765	11.23	2,191,497	1,871,786	17.08
Less: VAT on financial services and NBT	335,456	263,346	27.38	335,456	263,346	27.38
Profit before income tax	2,298,203	2,104,419	9.21	1,856,041	1,608,440	15.39
Less: Income tax expense	774,602	691,457	12.02	616,625	510,520	20.78
Profit after income tax	1,523,601	1,412,962	7.83	1,239,416	1,097,920	12.89
Attributable to equity holders of the parent	1,497,333	1,391,616	7.60	1,239,416	1,097,920	12.89
Attributable to non-controlling interest	26,268	21,346	23.06	-	-	
Net profit for the period	1,523,601	1,412,962	7.83	1,239,416	1,097,920	12.89
Basic and diluted earnings per share - Rs.	6.85	6.36				
The annexed notes form an integral part of these interim financial statements						

**CENTRAL FINANCE COMPANY PLC  
STATEMENT OF COMPREHENSIVE INCOME**

For the three months ended 30th September	Group			Company		
	2018	2017	Increase	2018	2017	Increase
	Unaudited Rs.'000	Unaudited (Restated) Rs.'000	(decrease) %	Unaudited Rs.'000	Unaudited (Restated) Rs.'000	(decrease) %
Profit for the period	1,523,601	1,412,962	7.83	1,239,416	1,097,920	12.89
Other comprehensive income not to be reclassified to income statement						
Actuarial gains / (losses) on defined benefit plans						
Share of other comprehensive income of associates	233	-	-	-	-	-
Tax effect	(65)	-	-	-	-	-
Total other comprehensive income not to be reclassified to income statement	168	-	-	-	-	-
Other comprehensive income for the period (net of tax)	168	-	-	-	-	-
Total comprehensive income for the period	1,523,769	1,412,962	7.84	1,239,416	1,097,920	12.89
Attributable to equity holders of the parent	1,497,501	1,391,616	7.61	1,239,416	1,097,920	12.89
Attributable to non-controlling interest	26,268	21,346	23.06	-	-	-
Total comprehensive income for the period	1,523,769	1,412,962	7.84	1,239,416	1,097,920	12.89
The annexed notes form an integral part of these interim financial statements.						

**CENTRAL FINANCE COMPANY PLC**  
**STATEMENT OF FINANCIAL POSITION**

As at	Group			Company		
	30.09.2018	31.03.2018	31.03.2017	30.09.2018	31.03.2018	31.03.2017
	Unaudited	Unaudited (Restated)	Unaudited (Restated)	Unaudited	Unaudited (Restated)	Unaudited (Restated)
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>ASSETS</b>						
Cash and cash equivalents	749,732	579,999	516,256	717,330	533,766	459,932
Fair value through profit or loss financial assets	550,511	648,113	435,424	545,230	617,025	418,014
Trade and other receivables	1,372,456	1,140,508	982,218	524,687	442,168	309,749
Tax receivables	252	950	1,775	-	-	-
Inventories and other stocks	1,600,302	1,452,708	1,275,049	1,070,219	881,873	679,714
Securities bought under repurchase agreements	3,079,646	3,099,174	2,949,728	3,079,646	3,099,174	2,949,728
Loans and receivables from banks	1,395,699	1,232,798	911,203	1,389,974	1,226,741	905,628
Loans and receivables from others	1,287,100	692,951	1,061,896	563,382	63,606	398,038
Loans and receivables from customers	6,969,120	7,666,652	6,896,183	6,959,472	7,657,341	6,994,432
Net investment in leases and hire purchase	68,849,597	61,321,391	56,144,080	68,849,597	61,321,391	56,144,080
Investments in real estate	27,128	44,834	65,051	27,128	44,834	65,051
Investment properties	290,879	313,663	-	290,879	313,663	-
Investments in associates	6,355,599	5,973,550	4,075,059	1,330,862	1,330,862	523,458
Investments in subsidiaries	-	-	-	306,456	306,456	306,456
Deferred tax asset	14,677	14,574	11,920	-	-	-
Property, plant and equipment	8,835,257	8,395,647	7,134,854	7,545,868	7,100,198	5,921,176
Intangible assets	118,737	103,276	100,366	117,796	102,245	99,963
<b>Total assets</b>	<b>101,496,692</b>	<b>92,680,788</b>	<b>82,561,062</b>	<b>93,318,526</b>	<b>85,041,343</b>	<b>76,175,419</b>
<b>LIABILITIES</b>						
Bank overdrafts	2,044,510	765,037	1,059,332	2,026,285	750,569	1,047,908
Tax payables	1,206,575	905,751	889,101	1,158,717	864,753	834,693
Trade and other payables	2,271,641	1,852,206	1,642,932	1,847,061	1,457,585	1,292,203
Amounts due to subsidiaries	-	-	-	185,607	204,333	187,987
Short term borrowings	1,842,140	1,753,653	1,845,352	1,657,039	1,557,586	1,699,196
Deposits	41,763,713	40,570,199	35,527,936	42,009,412	40,766,497	35,707,147
Long term borrowings	4,514,627	4,875	5,425	4,510,402	-	-
Debentures	4,099,294	5,643,712	6,140,818	4,099,294	5,643,712	6,140,818
Employee benefit obligations	1,244,766	1,188,609	995,545	1,123,657	1,069,518	875,120
Deferred tax liability	4,680,000	4,912,249	3,755,583	4,490,848	4,726,368	3,690,053
<b>Total liabilities</b>	<b>63,667,266</b>	<b>57,596,291</b>	<b>51,862,024</b>	<b>63,108,322</b>	<b>57,040,921</b>	<b>51,475,125</b>
<b>SHAREHOLDERS' FUNDS</b>						
Stated capital	1,527,778	1,337,564	1,337,564	1,527,778	1,337,564	1,337,564
Capital reserves	2,289,620	2,291,952	2,510,631	1,570,170	1,571,945	1,919,787
Reserve fund	1,824,000	1,824,000	1,599,000	1,824,000	1,824,000	1,599,000
Loan loss reserve	920,000	920,000	-	920,000	920,000	-
Revenue reserves	30,384,067	27,845,960	24,367,846	24,368,256	22,346,913	19,843,943
Funds attributable to equity holders of the parent	36,945,465	34,219,476	29,815,041	30,210,204	28,000,422	24,700,294
Non-controlling interest	883,961	865,021	883,997	-	-	-
	37,829,426	35,084,497	30,699,038	30,210,204	28,000,422	24,700,294
<b>Total liabilities, shareholders' funds and non-controlling interest</b>	<b>101,496,692</b>	<b>92,680,788</b>	<b>82,561,062</b>	<b>93,318,526</b>	<b>85,041,343</b>	<b>76,175,419</b>
Net asset value per share - Rs.	168.96	156.50	136.35	138.16	128.05	112.96

I certify that the financial statements comply with the requirements of the Companies Act No.07 of 2007



**U. B. Elangasinha**  
Chief Financial 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.



**E. H. Wijenaik**  
Managing Director

08th November 2018



**G. S. N. Peiris**  
Director (Finance)

The annexed notes form an integral part of these interim financial statements

**CENTRAL FINANCE COMPANY PLC**  
**STATEMENT OF CHANGES IN EQUITY**

Group equity statement for the six months ended 30th September 2018	Attributable to equity holders of the company								Non-controlling interest	Total
	Stated capital	Revaluation reserve	Reserve fund	Available for sale reserve	Loan loss reserve	General reserves	Retained earnings			
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000		
Balance as at 1st April 2017 as previously reported	1,337,564	2,510,631	1,599,000	29,748	-	21,643,957	3,708,294	883,940	31,713,134	
Impact arising out of adoption of Sri Lanka Financial Reporting Standard 9-Financial Instruments	-	-	-	(29,748)	-	-	(984,405)	57	(1,014,096)	
Balance as at 1st April 2017 (restated)	1,337,564	2,510,631	1,599,000	-	-	21,643,957	2,723,889	883,997	30,699,038	
Net profit for the six months ended 30th September 2017 as previously reported	-	-	-	-	-	-	2,549,953	30,205	2,580,158	
Impact arising out of adoption of Sri Lanka Financial Reporting Standard 9-Financial Instruments	-	-	-	-	-	-	(32,201)	(21)	(32,222)	
Net profit for the six months ended 30th September 2017 (restated)	-	-	-	-	-	-	2,517,752	30,184	2,547,936	
Other comprehensive income for the six months ended 30th September 2017 as previously reported	-	-	-	135,861	-	-	-	-	135,861	
Impact arising out of adoption of Sri Lanka Financial Reporting Standard 9-Financial Instruments	-	-	-	(135,861)	-	-	-	-	(135,861)	
Total comprehensive income for the six months ended 30th September 2017 (restated)	-	-	-	-	-	-	2,517,752	30,184	2,547,936	
Depreciation on revaluation surplus	-	(2,593)	-	-	-	-	2,593	-	-	
Transfers during the period	-	-	-	-	920,000	(920,000)	-	-	-	
Unclaimed dividends written back	-	-	-	-	-	-	51	51	102	
Dividends for the year ended 31st March 2017	-	-	-	-	-	-	(184,245)	(31,869)	(216,114)	
<b>Balance as at 30th September 2017</b>	<b>1,337,564</b>	<b>2,508,038</b>	<b>1,599,000</b>	<b>-</b>	<b>920,000</b>	<b>20,723,957</b>	<b>5,060,040</b>	<b>882,363</b>	<b>33,030,962</b>	
Balance as at 1st April 2018 as previously reported	1,337,564	2,291,952	1,824,000	119,379	920,000	23,402,957	5,478,475	865,083	36,239,410	
Impact arising out of adoption of Sri Lanka Financial Reporting Standard 9-Financial Instruments	-	-	-	(119,379)	-	-	(1,035,472)	(62)	(1,154,913)	
Balance as at 1st April 2018 (restated)	1,337,564	2,291,952	1,824,000	-	920,000	23,402,957	4,443,003	865,021	35,084,497	
Net profit for the six months ended 30th September 2018	-	-	-	-	-	-	2,886,844	43,645	2,930,489	
Other comprehensive income	-	-	-	-	-	-	168	-	168	
<b>Total comprehensive income for the six months ended 30th September 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,887,012</b>	<b>43,645</b>	<b>2,930,657</b>	
Depreciation on revaluation surplus	-	(2,332)	-	-	-	-	2,332	-	-	
Unclaimed dividends written back	-	-	-	-	-	-	79	80	159	
Reduction in net assets due to disposal of a subsidiary owned by an associate company	-	-	-	-	-	-	(4,502)	-	(4,502)	
Dividends for the year ended 31st March 2018	190,214	-	-	-	-	-	(346,814)	(24,785)	(181,385)	
<b>Balance as at 30th September 2018</b>	<b>1,527,778</b>	<b>2,289,620</b>	<b>1,824,000</b>	<b>-</b>	<b>920,000</b>	<b>23,402,957</b>	<b>6,981,110</b>	<b>883,961</b>	<b>37,829,426</b>	

Company equity statement for the six months ended 30th September 2018	Stated capital	Revaluation reserve	Reserve fund	Available for sale reserve	Loan loss reserve	General reserve	Retained earnings	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01st April 2017 as previously reported	1,337,564	1,919,787	1,599,000	66,771	-	21,632,776	(842,146)	25,713,752
Impact arising out of adoption of Sri Lanka Financial Reporting Standard 9-Financial Instruments	-	-	-	(66,771)	-	-	(946,687)	(1,013,458)
Balance as at 01st April 2017 (restated)	1,337,564	1,919,787	1,599,000	-	-	21,632,776	(1,788,833)	24,700,294
Net profit for the six months ended 30th September 2017 as previously reported	-	-	-	-	-	-	2,124,954	2,124,954
Impact arising out of adoption of Sri Lanka Financial Reporting Standard 9-Financial Instruments	-	-	-	-	-	-	(117,978)	(117,978)
Net profit for the six months ended 30th September 2017 (restated)	-	-	-	-	-	-	2,006,976	2,006,976
Other comprehensive income for the six months ended 30th September 2017 as previously reported	-	-	-	50,003	-	-	-	50,003
Impact arising out of adoption of Sri Lanka Financial Reporting Standard 9-Financial Instruments	-	-	-	(50,003)	-	-	-	(50,003)
Total comprehensive income for the six months ended 30th September 2017 (restated)	-	-	-	-	-	-	2,006,976	2,006,976
Depreciation on revaluation surplus	-	(1,977)	-	-	-	-	1,977	-
Transfers during the period	-	-	-	-	920,000	(920,000)	-	-
Dividends for the year ended 31st March 2017	-	-	-	-	-	-	(184,245)	(184,245)
Balance as at 30th September 2017	1,337,564	1,917,810	1,599,000	-	920,000	20,712,776	35,875	26,523,025
Balance as at 01st April 2018 as previously reported	1,337,564	1,571,945	1,824,000	99,742	920,000	23,391,776	9,476	29,154,503
Impact arising out of adoption of Sri Lanka Financial Reporting Standard 9-Financial Instruments	-	-	-	(99,742)	-	-	(1,054,339)	(1,154,081)
Balance as at 01st April 2018 (restated)	1,337,564	1,571,945	1,824,000	-	920,000	23,391,776	(1,044,863)	28,000,422
Net profit for the six months ended 30th September 2018	-	-	-	-	-	-	2,366,382	2,366,382
<b>Total comprehensive income for the six months ended 30th September 2018</b>	-	-	-	-	-	-	<b>2,366,382</b>	<b>2,366,382</b>
Depreciation on revaluation surplus	-	(1,775)	-	-	-	-	1,775	-
Dividends for the year ended 31st March 2018	190,214	-	-	-	-	-	(346,814)	(156,600)
Balance as at 30th September 2018	<b>1,527,778</b>	<b>1,570,170</b>	<b>1,824,000</b>	-	<b>920,000</b>	<b>23,391,776</b>	<b>976,480</b>	<b>30,210,204</b>

The annexed notes form an integral part of these interim financial statements.  
Figures in brackets indicate deductions.

**CENTRAL FINANCE COMPANY PLC**  
**CASH FLOW STATEMENT**

For the six months ended 30th September	Group		Company	
	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000
<b>Cash flows from operating activities</b>				
Interest receipts	8,000,932	7,089,814	7,974,790	7,071,367
Interest payments	(1,202,063)	(1,100,518)	(1,209,805)	(1,108,773)
Recoveries on bad debts previously written off	69,068	65,020	69,068	65,020
Receipts from other operating activities	3,556,141	3,034,244	655,856	489,366
Cash payments to employees and suppliers	(4,239,939)	(3,985,441)	(1,616,537)	(1,681,124)
<b>Operating profit before changes in operating assets</b>	<b>6,184,139</b>	<b>5,103,119</b>	<b>5,873,372</b>	<b>4,835,856</b>
<b>(Increase) / decrease in operating assets:</b>				
Securities under repurchase agreements and receivables from banks	(197,713)	(154,472)	(197,713)	(154,472)
Loans to customers	(23,124,718)	(18,113,066)	(23,115,539)	(18,102,681)
Recoveries from customers	17,547,342	16,295,262	17,539,553	16,291,753
Others	(1,548,651)	(455,662)	(1,548,714)	(450,391)
<b>Increase / (decrease) in operating liabilities:</b>				
Net cash effect on deposits	244,622	2,186,446	291,081	2,214,912
Net cash from operating activities before value added tax, VAT/NBT on financial services	(894,979)	4,861,627	(1,157,960)	4,634,977
Value added tax ,VAT/NBT on financial services	(926,572)	(819,765)	(838,586)	(742,727)
Net cash from operating activities before income tax	(1,821,551)	4,041,862	(1,996,546)	3,892,250
Income tax paid	(1,160,956)	(981,290)	(1,102,703)	(911,989)
<b>Net cash inflow / (outflow ) from operating activities</b>	<b>(2,982,507)</b>	<b>3,060,572</b>	<b>(3,099,249)</b>	<b>2,980,261</b>
<b>Cash flows from investing activities</b>				
Dividends received from subsidiaries and associates	24,399	23,679	42,050	48,575
Dividends received from other companies	12,764	16,779	12,759	14,655
Investments in fixed deposits	(517,736)	(204,500)	-	-
Investments in unit trusts	-	(14,480)	-	-
Redemption of debentures	155,430	-	-	-
Divestment of fixed deposits	272,754	127,298	-	-
Divestment of unit trusts	20,333	2,964	-	-
Purchase of property, plant and equipment	(760,384)	(1,100,366)	(749,017)	(1,046,091)
Disposal of property, plant and equipment	32,822	27,458	32,822	27,429
<b>Net cash outflow from investing activities</b>	<b>(759,618)</b>	<b>(1,121,168)</b>	<b>(661,386)</b>	<b>(955,432)</b>
<b>Cash flows from financing activities</b>				
Borrowings	10,267,245	5,742,190	9,873,300	5,285,000
Repayment of borrowings	(7,455,561)	(6,977,168)	(7,050,000)	(6,595,000)
Unclaimed dividends written back	-	102	-	-
Dividends paid to equity holders of the parent	(154,790)	(181,218)	(154,790)	(181,218)
Dividends paid to non-controlling interest	(24,481)	(31,869)	-	-
<b>Net cash inflow / (outflow) from financing activities</b>	<b>2,632,413</b>	<b>(1,447,963)</b>	<b>2,668,510</b>	<b>(1,491,218)</b>
Net increase / (decrease) in cash and cash equivalents	(1,109,712)	491,441	(1,092,125)	533,611
Cash and cash equivalents at the beginning of the period	(185,038)	(543,076)	(216,803)	(587,976)
<b>Cash and cash equivalents at the end of the period</b>	<b>(1,294,750)</b>	<b>(51,635)</b>	<b>(1,308,928)</b>	<b>(54,365)</b>
<b>Analysis of cash and cash equivalents</b>				
<b>Cash and cash equivalents at the end of the period</b>	<b>(1,294,750)</b>	<b>(51,635)</b>	<b>(1,308,928)</b>	<b>(54,365)</b>
Less: Impairment provision for cash equivalents	(28)	(14)	(27)	(14)
	(1,294,778)	(51,649)	(1,308,955)	(54,379)
Cash in hand and at banks	749,732	734,367	717,330	701,175
Bank overdrafts	(2,044,510)	(786,016)	(2,026,285)	(755,554)
<b>Cash and cash equivalents as per the balance sheet</b>	<b>(1,294,778)</b>	<b>(51,649)</b>	<b>(1,308,955)</b>	<b>(54,379)</b>
<b>Movement of borrowings (short term, long term loans and debentures)</b>				
Balance at the beginning of the period	7,402,240	7,991,595	7,201,298	7,840,014
Amount borrowed during the period	10,267,245	5,742,190	9,873,300	5,285,000
Capital repaid during the period	(7,455,561)	(6,977,168)	(7,050,000)	(6,595,000)
Amortised interest	242,137	141,841	242,137	141,841
Balance at the end of the period	10,456,061	6,898,458	10,266,735	6,671,855

Figures in brackets indicate outflows.

The annexed notes form an integral part of these interim financial statements.

**CENTRAL FINANCE COMPANY PLC**
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

1 The interim financial statements of the Company and the Group have been prepared in accordance with the accounting policies set out in the Annual Report for the year ended 31st March 2018, except as explained in note 13 and provide the information as required by the Colombo Stock Exchange and LKAS 34-Interim Financial Reporting.

2 The presentation and classification of the previous periods have been amended where relevant for better presentation and to be comparable with those of the current period.

3 Stated capital is represented by number of shares in issue as given below:

	<b>As at 30.09.2018</b>	As at 30.06.2018
Ordinary shares	<b>218,661,027</b>	216,758,888

4 Market price per share

	<b>Quarter ended 30.09.2018</b>	Quarter ended 30.06.2018
	<b>Rs.</b>	Rs.
Highest	<b>100.00</b>	108.90
Lowest	<b>89.00</b>	95.00
Last traded	<b>91.20</b>	97.60

5 Number of shares held by individual Directors are as follows:

	<b>As at 30.09.2018</b>	As at 30.06.2018
C. L. K. P. Jayasuriya	<b>Nil</b>	Nil
E. H. Wijenaik	<b>33,699,223</b>	33,405,854
G. S. N. Peiris	<b>3,811,392</b>	3,778,213
R.E.Rambukwelle(resigned w.e.f.30.06.2018)	<b>-</b>	1,503,779
A. K. Gunaratne	<b>1,741,392</b>	1,726,233
D. P. de Silva	<b>216,507</b>	214,623
S. C. S. Wickramasinghe	<b>Nil</b>	Nil
A. D. B. Talwatte	<b>Nil</b>	Nil
Dr. (Mrs). A. D. N. de Zoysa	<b>Nil</b>	Nil
A. R. Fernando	<b>Nil</b>	Nil
C. K. Hettiarachchi (appointed .w.e.f 17.07.2018)	<b>129,258</b>	128,133

6 Twenty largest shareholders of the Company are as follows:

	<b>As at 30.09.2018</b>		As at 30.06.2018	
	<b>Number of shares</b>	<b>%</b>	Number of shares	%
1 Corporate Services (Pvt) Ltd. A/C No.01	<b>35,223,926</b>	<b>16.11</b>	34,917,287	16.11
2 E. H. Wijenaik	<b>33,699,223</b>	<b>15.41</b>	33,405,854	15.41
3 Employees Provident Fund	<b>23,484,974</b>	<b>10.74</b>	23,280,525	10.74
4 Thurston Investments Limited	<b>12,733,433</b>	<b>5.82</b>	12,622,582	5.82
5 A. J. Wijenaik	<b>6,820,177</b>	<b>3.12</b>	6,760,804	3.12
6 The Ceylon Investment PLC A/C No.02	<b>6,000,687</b>	<b>2.74</b>	5,700,625	2.63
7 N. W. Wijegoonawardene	<b>4,508,108</b>	<b>2.06</b>	4,468,863	2.06
8 G. S. N. Peiris	<b>3,811,392</b>	<b>1.74</b>	3,778,213	1.74
9 B. P. De Silva Holdings (Pte) Ltd.	<b>3,654,474</b>	<b>1.67</b>	3,622,660	1.67
10 The Ceylon Guardian Investment Trust PLC A/C No.02	<b>3,583,293</b>	<b>1.64</b>	3,403,405	1.57
11 J. B. Cocoshell (Pvt) Ltd.	<b>3,493,883</b>	<b>1.60</b>	3,320,814	1.53
12 C. R. Dunuwille	<b>2,811,545</b>	<b>1.29</b>	2,787,069	1.29
13 Hallsville Trading Group INC	<b>2,810,932</b>	<b>1.29</b>	312,835	0.14
14 N. M. Gunawardana	<b>2,710,982</b>	<b>1.24</b>	2,687,382	1.24
15 P. R. Munasinha	<b>2,558,028</b>	<b>1.17</b>	2,535,759	1.17
16 Employees Trust Fund Board	<b>2,283,223</b>	<b>1.04</b>	2,263,347	1.04
17 P. M. Wijenaik	<b>2,118,548</b>	<b>0.97</b>	2,100,105	0.97
18 Bnymsanv Re-frontaura Global Frontier Fund LLC	<b>2,047,154</b>	<b>0.94</b>	2,029,333	0.94
19 C. Kiriella	<b>2,017,853</b>	<b>0.92</b>	2,000,287	0.92
20 E.W.Balasuriya & Co.(Pvt) Ltd.	<b>1,947,717</b>	<b>0.89</b>	703,226	0.32



**CENTRAL FINANCE COMPANY PLC**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**7 Information on listed debentures**

**7.1 Market value and traded yield**

The outstanding debentures are represented by 16,000,000 rated, secured, redeemable debentures issued in December 2013 to the value of Rs.1.6 billion and 22,500,000 rated, secured, redeemable debentures to the value of Rs.2.25 billion issued in June 2015, both par valued at Rs. 100/-.

Details of the above debentures are as follows:

**Rated secured redeemable debentures**

<b>Date of issue</b>	<b>Interest payment frequency</b>	<b>No. of debentures issued</b>	<b>Face value Rs.'000</b>	<b>Coupon rate</b>	<b>Annual effective rate</b>	<b>Tenor</b>	<b>Date of maturity</b>
12-Dec-2013	Semi-annually	6,000,000	600,000	13.50	13.96	5 years	12-Dec-2018
12-Dec-2013	Annually	10,000,000	1,000,000	13.95	13.95	5 years	12-Dec-2018
01-Jun-2015	Semi-annually	5,000,000	500,000	9.00	9.20	4 years	31-May-2019
01-Jun-2015	Annually	17,500,000	1,750,000	9.52	9.52	5 years	31-May-2020

There were no debenture trades during the quarter ended 30.09.2018.

During the year under review, the following debentures were redeemed.

<b>Date of issue</b>	<b>Coupon rate</b>	<b>Date of maturity</b>	<b>Face value Rs.'000</b>
17-Jun-2013	14.75%	17-Jun-2018	1,400,000
01-Jun-2015	8.35%	01-Jun-2018	250,000

**7.2 Yield of comparable government securities (%)**

	<b>As at 30.09.2018</b>	<b>As at 30.06.2018</b>
04 year treasury bonds	<b>10.50%</b>	10.09%
05 year treasury bonds	<b>10.73%</b>	10.40%

**Debt related ratios**

	<b>As at 30.09.2018</b>	<b>As at 30.06.2018</b>
Debt/equity ratio (times)	<b>1.80</b>	1.73
Quick assets ratio (times)	<b>0.87</b>	0.86
Interest cover (times)	<b>2.24</b>	2.21

**CENTRAL FINANCE COMPANY PLC**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**8 Public holding**

The company qualifies under option one of the minimum public holding requirement of No.7.13.1 of the Listing Rules of the Colombo Stock Exchange and relevant information is given below.

**As at 30.09.2018**

Float adjusted market capitalization		Public holding percentage (%)		Number of public shareholders	
Minimum requirement	Available amount	Minimum requirement	Available	Minimum requirement	Available
Rs.10 Bn	Rs.12.15 Bn	No minimum % requirement	60.94%	500	2,846

**As at 30.06.2018**

Float adjusted market capitalization		Public holding percentage (%)		Number of public shareholders	
Minimum requirement	Available amount	Minimum requirement	Available	Minimum requirement	Available
Rs.10 Bn	Rs.12.73 Bn	No minimum % requirement	60.18%	500	2,858

**9 Contingent liabilities**

	<b>As at</b>	As at
	<b>30.09.2018</b>	30.06.2018
	<b>Rs.000</b>	Rs.000
<b>Guarantees issued</b>		
Guarantees issued on behalf of depositors, fully secured on their deposits	<u>25,992</u>	<u>23,492</u>
	<b>25,992</b>	<b>23,492</b>

There are no major changes to other contingent liabilities reported in the annual report for the year ended 31.03.2018

10 Interest expenses of the group other than the parent are categorised under premises, equipment, establishment and other expenses.

**11 Retrospective Restatement of Impairment Provisions**

Impairment provisions for prior years were restated as reported in the annual report for the year ended 31.03.2018

Impact to the interim financial statements is as follows:

**Income statement**

**Six months ended 30.09.2017**

**Impairment on loans and other credit losses (Rs.000)**

	<b>Group</b>	<b>Company</b>
	<b>Rs.000</b>	<b>Rs.000</b>
Previously reported	104,154	103,903
Increase in impairment charges due to restatement	(29,317)	(29,317)
Impact to profitability	(29,317)	(29,317)
<b>Basic and diluted earnings per share (Rs.)</b>		
Previously reported	11.76	
Effect due to correction of error	(0.13)	

12 Classification of financial assets and liabilities - Group  
As at 30.09.2018

Description	Fair value through profit or loss Rs.'000	Held to maturity (amortised cost - not measured at fair value) Rs.'000	Total carrying amount Rs.'000	Fair value Rs.'000	Fair value measurement level
Cash and cash equivalents	-	749,732	749,732	749,732	
Fair value through profit or loss financial assets					
Quoted securities	451,091	-	451,091	451,091	Level 1
Unquoted securities	95,659	-	95,659	95,659	Level 2
Unit trusts	3,761	-	3,761	3,761	Level 1
Trade and other receivables	-	1,372,456	1,372,456	1,372,456	
Securities bought under repurchase agreements	-	3,079,646	3,079,646	3,079,646	
Loans and receivables from banks	-	1,395,699	1,395,699	1,395,699	
Loans and receivables from others	-	1,287,100	1,287,100	1,287,100	
Loans and receivables from customers	-	6,969,120	6,969,120	6,969,120	
Net investment in leases and hire purchase	-	68,849,597	68,849,597	68,849,597	
<b>Total financial assets</b>	<b>550,511</b>	<b>83,703,350</b>	<b>84,253,861</b>	<b>84,253,861</b>	
Bank overdrafts	-	2,044,510	2,044,510	2,044,510	
Short term borrowings	-	1,842,140	1,842,140	1,842,140	
Deposits	-	41,763,713	41,763,713	41,763,713	
Long term borrowings	-	4,514,627	4,514,627	4,514,627	
Debentures	-	4,099,294	4,099,294	4,099,294	
<b>Total financial liabilities</b>	<b>-</b>	<b>54,264,284</b>	<b>54,264,284</b>	<b>54,264,284</b>	

Classification of financial assets and liabilities - Company  
As at 30.09.2018

Description	Fair value through profit or loss Rs.'000	Held to maturity (amortised cost - not measured at fair value) Rs.'000	Total carrying amount Rs.'000	Fair value Rs.'000	Fair value measurement level
Cash and cash equivalents	-	717,330	717,330	717,330	
Fair value through profit or loss financial assets					
Quoted securities	450,771	-	450,771	450,771	Level 1
Unquoted securities	94,459	-	94,459	94,459	Level 2
Trade and other receivables	-	524,687	524,687	524,687	
Securities bought under repurchase agreements	-	3,079,646	3,079,646	3,079,646	
Loans and receivables from banks	-	1,389,974	1,389,974	1,389,974	
Loans and receivables from others	-	563,382	563,382	563,382	
Loans and receivables from customers	-	6,959,472	6,959,472	6,959,472	
Net investment in leases and hire purchase	-	68,849,597	68,849,597	68,849,597	
<b>Total financial assets</b>	<b>545,230</b>	<b>82,084,088</b>	<b>82,629,318</b>	<b>82,629,318</b>	
Bank overdrafts	-	2,026,285	2,026,285	2,026,285	
Short term borrowings	-	1,657,039	1,657,039	1,657,039	
Deposits	-	42,009,412	42,009,412	42,009,412	
Long term borrowings	-	4,510,402	4,510,402	4,510,402	
Debentures	-	4,099,294	4,099,294	4,099,294	
<b>Total financial liabilities</b>	<b>-</b>	<b>54,302,432</b>	<b>54,302,432</b>	<b>54,302,432</b>	

Level 01 valuations are based on market prices published by the Colombo Stock Exchange for shares quoted on the Colombo Stock Exchange and for units, the prices published by fund managers for respective funds.

Level 02 valuations have been determined using cost method valuation techniques which approximate the fair value.

There have been no transfers between level 01 and level 02.

**CENTRAL FINANCE COMPANY PLC**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**13 ADOPTION OF SLFRS 9 – FINANCIAL INSTRUMENTS**

The company has elected to adopt SLFRS 9 – Financial Instruments retrospectively from 1<sup>st</sup> April 2017 in accordance with the transitional requirements. The adoption of SLFRS 9 resulted in the following changes to the accounting policies applied for the financial year 2017/18.

**CLASSIFICATION OF FINANCIAL ASSETS**

The company reclassified its financial assets as subsequently measured at either amortized cost or fair value through profit or loss (FVtPL), or other comprehensive income, depending on the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The available for sale financial investments category was removed and the balance has been reclassified as fair value through profit or loss financial asset.

The following table summarises the impact of transition to SLFRS 9 – “Financial Instruments” on classification of financial assets.

	<b>Group</b>	
	Financial assets measured at FVtPL	Available for sale investments
	Rs.000	Rs.000
Balance as at 01.04.2017 as per LKAS 39	106,143	246,773
Impact of adopting SLFRS 9		
- quoted securities	228,391	(228,391)
- unquoted securities	100,890	(18,382)
<b>Balance as at 01.04.2017 (as per SLFRS 9)</b>	<b>435,424</b>	<b>-</b>

Change in carrying value of unquoted securities is due to fair valuing of all investments including those held at cost.

	<b>Company</b>	
	Financial assets measured at FVtPL	Available for sale investments
	Rs.000	Rs.000
Balance as at 01.04.2017 as per LKAS 39	96,125	240,443
Impact of adopting SLFRS 9		
- quoted securities	228,391	(228,391)
- unquoted securities	93,498	(12,052)
<b>Balance as at 01.04.2017 (as per SLFRS 9)</b>	<b>418,014</b>	<b>-</b>

Change in carrying value of unquoted securities is due to fair valuing of all investments including those held at cost.

The following table summarises the impact of transition to SLFRS 9 – “Financial Instruments” on available for sale reserve and retained earnings as at 01 April 2017.

	<b>Group</b>	
	Available for sale reserve	Retained earnings
	Rs.000	Rs.000
Balance as at 01.04.2017 as per LKAS 39	29,748	25,352,251
Impact of adopting SLFRS 9	(29,748)	29,748
<b>Balance as at 01.04.2017 (as per SLFRS 9)</b>	<b>-</b>	<b>25,381,999</b>

  

	<b>Company</b>	
	Available for sale reserve	Retained earnings
	Rs.000	Rs.000
Balance as at 01.04.2017 as per LKAS 39	66,771	20,790,630
Impact of adopting SLFRS 9	(66,771)	66,771
<b>Balance as at 01.04.2017 (as per SLFRS 9)</b>	<b>-</b>	<b>20,857,401</b>

**IMPAIRMENT OF FINANCIAL ASSETS**

Impairment requirements under SLFRS 9 are based on an expected credit loss model (ECL), replacing the incurred loss model under LKAS 39. Key changes in the company's accounting policy for impairment of financial assets are given below;

Assets migrate through the following three stages based on the change in credit quality since initial recognition.

**i) Stage 1: 12-months ECL**

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired at inception, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognized under stage 1.

**ii) Stage 2: Lifetime ECL — not credit impaired**

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognized under stage 2.

**iii) Stage 3: Lifetime ECL — credit impaired**

Financial assets are assessed as credit impaired when one or more events have a detrimental impact on the estimated future cash flows of that asset. For financial assets that have become credit impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate to the unimpaired amortized cost rather than the gross carrying amount for all specifically identified contracts.

The company assesses whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For purposes of a collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account the collateral type, date of initial recognition, remaining term to maturity and other relevant factors. The company considers that significant increase in credit risk occurs when an asset is more than 30 days past due. In assessing the impairment of financial assets under the expected credit loss model, the company defines default as 90 days past due.

The amount of ECL is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the company and all the cash flows that the company expects to receive.

The company considers its historical loss experience and adjusts this for current observable data. In addition, the company uses reasonable and supportable forecasts of future economic conditions including experienced judgment to estimate the amount of an expected impairment loss. SLFRS 9 introduces the use of macroeconomic factors which include, but is not limited to, unemployment, interest rates, gross domestic product, inflation and commercial property prices, and requires an evaluation of both the current and forecast direction of the economic cycle. Incorporating forward looking information increases the level of judgment as to how changes in these macroeconomic factors will affect ECL. The methodology and assumptions including any forecasts of future economic conditions will be reviewed regularly. If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since inception, then the provision for impairments reverts from lifetime ECL to 12-months ECL.

**Impact of adoption of SLFRS 9 on impairment and other credit losses is given below**

	Loans and advances	Finance leases	Other credit losses	Loans and receivables from banks, loans and receivables from others and bank balances	Group Total
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Balance as 01.04.2017 (as per LKAS 39)	66,959	1,397,935	103,211	-	1,568,105
Impact of adoption of SLFRS 9	72,767	1,021,651	-	2,186	1,096,604
<b>Balance 01.04.2017 (as per SLFRS 9)</b>	<b>139,726</b>	<b>2,419,586</b>	<b>103,211</b>	<b>2,186</b>	<b>2,664,709</b>
Charge/ (Reversal) for the year ended 31.03.2018 (as per SLFRS 39)	80,831	(71,167)	(6,337)	-	3,327
Additional charge/ (Reversal) for the year ended 31.03.2018 (SLFRS-9)	(20,784)	172,270	-	(91)	151,395
<b>Balance as at 31.03.2018 (as per SLFRS 9)</b>	<b>199,773</b>	<b>2,520,689</b>	<b>96,874</b>	<b>2,095</b>	<b>2,819,431</b>

	Loans and advances	Finance leases	Other credit losses	Loans and receivables from banks, loans and receivables from others and bank balances	Company Total
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Balance as 01.04.2017 (as per LKAS 39)	66,959	1,397,935	67,031	-	1,531,925
Impact of adoption of SLFRS 9	72,767	1,021,651	-	486	1,094,904
<b>Balance 01.04.2017 (as per SLFRS 9)</b>	<b>139,726</b>	<b>2,419,586</b>	<b>67,031</b>	<b>486</b>	<b>2,626,829</b>
Charge/ (Reversal) for the year ended 31.03.2018 (as per SLFRS 39)	80,831	(71,167)	(6,585)	-	3,079
Additional charge/ (Reversal) for the year ended 31.03.2018 (as per SLFRS 9)	(20,784)	172,270	-	123	151,609
<b>Balance as at 31.03.2018 (as per SLFRS 9)</b>	<b>199,773</b>	<b>2,520,689</b>	<b>60,446</b>	<b>609</b>	<b>2,781,517</b>

**CENTRAL FINANCE COMPANY PLC**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

Impact to financial statements arising out of above impairment adjustments is as follows:

**Statement of financial position**

	Group		Company	
	31.03.2018 Rs.000	31.03.2017 Rs.000	31.03.2018 Rs.000	31.03.2017 Rs.000
Net investment in leases and hire purchase as previously reported	62,515,312	57,165,731	62,515,312	57,165,731
Effect due to adoption of SLFRS 9	(1,193,921)	(1,021,651)	(1,193,921)	(1,021,651)
	<u>61,321,391</u>	<u>56,144,080</u>	<u>61,321,391</u>	<u>56,144,080</u>
Loans and receivables from customers as previously reported	7,718,635	6,968,950	7,709,324	7,067,199
Effect due to adoption of SLFRS 9	(51,983)	(72,767)	(51,983)	(72,767)
	<u>7,666,652</u>	<u>6,896,183</u>	<u>7,657,341</u>	<u>6,994,432</u>
Cash and cash equivalents as previously reported	580,010	516,267	533,774	459,940
Effect due to adoption of SLFRS 9	(11)	(11)	(8)	(8)
	<u>579,999</u>	<u>516,256</u>	<u>533,766</u>	<u>459,932</u>
Loans and receivables from banks as previously reported	1,233,057	911,394	1,226,999	905,818
Effect due to adoption of SLFRS 9	(259)	(191)	(258)	(190)
	<u>1,232,798</u>	<u>911,203</u>	<u>1,226,741</u>	<u>905,628</u>
Loans and receivables from others as previously reported	694,776	1,063,880	63,949	398,326
Effect due to adoption of SLFRS 9	(1,825)	(1,984)	(343)	(288)
	<u>692,951</u>	<u>1,061,896</u>	<u>63,606</u>	<u>398,038</u>
Revenue reserves as previously reported	28,881,432	25,352,251	23,401,252	20,790,630
Effect due to adoption of SLFRS 9	(1,035,472)	(984,405)	(1,054,339)	(946,687)
	<u>27,845,960</u>	<u>24,367,846</u>	<u>22,346,913</u>	<u>19,843,943</u>
Non-controlling interest as previously reported	865,083	883,940	-	-
Effect due to adoption of SLFRS 9	(62)	57	-	-
	<u>865,021</u>	<u>883,997</u>	<u>-</u>	<u>-</u>

**HEDGE ACCOUNTING**

Hedge accounting is not applicable as the company does not have any derivative financial assets and liabilities

**CENTRAL FINANCE COMPANY PLC**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

14 The Central Bank of Sri Lanka issued a direction specifying new Capital Adequacy Requirements for Finance Companies, effective July 2018. The Company is fully compliant with the new Direction and exceeds the new Capital Adequacy Requirements.

Company's Tier 01 and Tier 02 capital Adequacy Ratios as at 30.09.2018 are 24.84% and 24.72% (minimum requirements are 6% and 10%).

15 The Company paid a scrip dividend of Rs.1.00 per share in July 2018. With this scrip dividend, reserves amounting to Rs.190.214 million were capitalised at the rate of Rs.100/- per share through the issue of 1,902,139 new shares and the stated capital of the company increased to Rs.1,527.779 million consisting of 218,661,027 shares.

16 According to the best of the knowledge and belief of the Directors, there have been no events subsequent to this interim period, which require adjustments to or disclosure in the interim Financial Statements at the time of the issue of these financial statements to the shareholders.

<b>BUSINESS SEGMENT INFORMATION</b>																		
<b>For the six months ended 30th September</b>																		
	Leasing, hire purchase and other advances		Medical services		Power generation		Manufacturing		Insurance broking		Investments		Real estate		Intra segmental adjustments		Total	
<b>All figures in Rs.'000</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Revenue</b>																		
Interest income	8,643,245	7,568,223	6,975	6,770	-	-	315	911	25,006	28,010	226,550	224,697	1,331	1,947	-	-	8,903,422	7,830,558
Other revenue	-	-	62,075	59,491	40,459	36,417	1,307,866	1,143,052	174,408	147,179	-	-	-	-	-	-	1,584,808	1,386,139
Other operating income	497,457	369,551	-	-	-	-	-	-	-	-	-	-	-	-	-	-	497,457	369,551
Other income	322,434	334,388	270	202	-	-	1,934	1,151	90	142	(33,657)	92,075	6,350	4,048	(24,400)	(23,680)	273,021	408,326
Income from external customers	9,463,136	8,272,162	69,320	66,463	40,459	36,417	1,310,115	1,145,114	199,504	175,331	192,893	316,772	7,681	5,995	(24,400)	(23,680)	11,258,708	9,994,574
Inter - segment income	13,631	19,385	1	1	4,540	4,448	75	4	2,782	4,385	56,813	62,306	20,116	19,614	(97,958)	(110,143)	-	-
<b>Total income</b>	<b>9,476,767</b>	<b>8,291,547</b>	<b>69,321</b>	<b>66,464</b>	<b>44,999</b>	<b>40,865</b>	<b>1,310,190</b>	<b>1,145,118</b>	<b>202,286</b>	<b>179,716</b>	<b>249,706</b>	<b>379,078</b>	<b>27,797</b>	<b>25,609</b>	<b>(122,358)</b>	<b>(133,823)</b>	<b>11,258,708</b>	<b>9,994,574</b>
<b>Expenses</b>																		
Interest expenses	2,679,748	2,361,925	-	-	-	-	-	-	-	-	165,313	141,760	1,184	2,124	-	-	2,846,245	2,505,809
Depreciation & amortisation	265,293	234,717	4,376	4,710	2,627	1,932	20,962	19,765	641	614	-	-	1,240	1,240	-	-	295,139	262,978
Cost of sales	-	-	26,578	22,910	10,186	9,026	1,064,068	941,253	-	-	-	-	-	-	-	-	1,100,832	973,189
Impairment on loans and other credit losses	541,702	284,362	(10)	64	-	-	2,177	251	240	37	2,261	53	807	(306)	-	-	547,177	284,461
Other operating and administrative expenses	1,824,803	2,018,242	29,045	27,042	3,105	2,021	143,240	144,033	54,749	50,808	130	166	2,753	3,009	-	-	2,057,825	2,245,321
	5,311,546	4,899,246	59,989	54,726	15,918	12,979	1,230,447	1,105,302	55,630	51,459	167,704	141,979	5,984	6,067	-	-	6,847,218	6,271,758
Inter - segment expenses	30,423	28,389	-	-	-	-	-	183	12,724	10,636	-	7,569	-	-	(43,147)	(46,777)	-	-
<b>Total expenses</b>	<b>5,341,969</b>	<b>4,927,635</b>	<b>59,989</b>	<b>54,726</b>	<b>15,918</b>	<b>12,979</b>	<b>1,230,447</b>	<b>1,105,485</b>	<b>68,354</b>	<b>62,095</b>	<b>167,704</b>	<b>149,548</b>	<b>5,984</b>	<b>6,067</b>	<b>(43,147)</b>	<b>(46,777)</b>	<b>6,847,218</b>	<b>6,271,758</b>
<b>Segment results</b>	<b>4,134,798</b>	<b>3,363,912</b>	<b>9,332</b>	<b>11,738</b>	<b>29,081</b>	<b>27,886</b>	<b>79,743</b>	<b>39,633</b>	<b>133,932</b>	<b>117,621</b>	<b>82,002</b>	<b>229,530</b>	<b>21,813</b>	<b>19,542</b>	<b>(79,211)</b>	<b>(87,046)</b>	<b>4,411,490</b>	<b>3,722,816</b>
Share of profit of associates																	647,668	701,880
Profit before VAT on financial services, NBT and income tax																	5,059,158	4,424,696
Less: VAT on financial services and NBT																	640,988	528,161
Profit before income tax																	4,418,170	3,896,535
Less: Income tax expense																	1,487,681	1,348,599
Profit after income tax																	2,930,489	2,547,936
Non-controlling interest																	43,645	30,184
Profit attributable to equity holders of the parent																	2,886,844	2,517,752



## CORPORATE INFORMATION

### NAME OF COMPANY

Central Finance Company PLC

### LEGAL FORM

A Quoted Public Company with limited liability incorporated in Sri Lanka on 5th December 1957 and registered under the Companies Act No.07 of 2007.

Registered under Finance Business Act No.42 of 2011 and Finance Leasing Act No.56 of 2000.

Approved Credit Agency under:

- Mortgage Act No.6 of 1949
- Trust Receipt Ordinance No.12 of 1947

### COMPANY REGISTRATION NUMBER

PQ 67

### CREDIT RATING

Rated A+(lka) by Fitch Ratings Lanka Ltd.

### DIRECTORS

C. L. K. P. Jayasuriya	- Non - executive Director / Chairman
E. H. Wijenaik	- Managing Director/Chief Executive Officer
G. S. N. Peiris	- Director (Finance)
A. K. Gunaratne	- Director (Group Co-ordination)
D. P. de Silva	- Director (Credit)
S. C. S. Wickramasinghe	- Independent Non - executive Director
A. D. B. Talwatte	- Independent Non - executive Director
Dr. (Mrs). A. D. N. de Zoysa	- Independent Non - executive Director
A. R. Fernando	- Independent Non - executive Director
C.K.Hettiarachchi	- Director (Marketing)

### BANKERS

Bank of Ceylon  
Citibank N.A.  
Cargills Bank Limited.  
Commercial Bank of Ceylon PLC  
Hatton National Bank PLC  
NDB Bank PLC  
Nations Trust Bank PLC  
People's Bank  
Sampath Bank PLC  
Seylan Bank PLC  
Standard Chartered Bank  
DFCC Bank PLC  
State Bank of India

### AUDITOR

SJMS Associates,  
Chartered Accountants,  
11, Castle Lane,  
Colombo 04.

### LEGAL ADVISER

F. J. & G. de Saram,  
Attorneys-at-Law,  
P.O. Box 212,  
Colombo.

### STOCK EXCHANGE LISTING

The ordinary shares of the Company, Rated Secured Redeemable Debentures issued in December 2013 and June 2015 are listed on the Colombo Stock Exchange.

### HEAD / REGISTERED OFFICE

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Telephone : 081 - 2227000  
Facsimile : 081 - 2232047

### CITY OFFICE

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Facsimile : 011 - 2300441  
E-mail : cenfin@cf.lk  
Website : www.centralfinance.lk

### BRANCH OFFICES

Akuressa, Alawwa, Aluthgama, Ambalangoda, Ampara, Anuradhapura, Aralaganwila, Athurugiriya, Avissawella, Badulla, Bakamuna, Balangoda, Bandaragama, Bandarawela, Batticaloa, Chilaw, Dambulla, Dehiattakandiya, Digana, Divulapitiya, Elpitiya, Embilipitiya, Galewela, Galle, Gampaha, Gampola, Giriulla, Godakawela, Hambantota, Hanwella, Hatton, Hingurakgoda, Hiripitiya, Homagama, Horana, Ja-Ela, Jaffna, Kadawatha, Kaduwela, Kalmunai, Kalutara, Kantale, Katugastota, Kegalle, Kekirawa, Killinochchi, Kiribathgoda, Kirindiwela, Kuliypitiya, Kurunegala, Maharagama, Mahiyanganaya, Maho, Malabe, Mannar, Maradana, Matale, Matara, Matugama, Mawanella, Mawathagama, Melsiripura, Minuwangoda, Mirigama, Monaragala, Narammala, Nawalapitiya, Negombo, Nikaweratiya, Nittambuwa, Nochchiyagama, Nugegoda, Nuwaraeliya, Panadura, Pilimathalawa, Piliyandala, Polonnaruwa, Pottuvil, Puttalam, Ragama, Rambukkana, Ratmalana, Ratnapura, Rikillagaskada, Talawathugoda, Tambuttegama, Tissamaharama, Trincomalee, Vavuniya, Warakapola, Wariyapola, Wattala, Welimada, Wellawaya, Wennappuwa.

### COMPANY SECRETARY

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Colombo 10.  
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Facsimile : 011 - 4718220