



Senkadagala Finance PLC

**Interim Financial Statement for the period ended
31st March 2019**



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

Senkadagala Finance PLC

Statement of Profit or Loss and Other Comprehensive Income

For the three month period ended 31st March	Company			Group		
	2019 Rs.	2018 Rs.	Change %	2019 Rs.	2018 Rs.	Change %
Interest income	1,801,090,797	1,720,477,267	4.7	1,801,316,142	1,720,991,926	4.7
Interest expense	(955,404,267)	(881,304,233)	8.4	(954,051,239)	(879,855,738)	8.4
Net interest income	845,686,530	839,173,034	0.8	847,264,903	841,136,188	0.7
Net fee and commission income	26,378,743	(354,576)	7,539.5	60,227,699	41,147,651	46.4
Other operating income	77,840,088	80,774,639	(3.6)	37,345,088	36,144,339	3.3
Total operating income	949,905,361	919,593,097	3.3	944,837,690	918,428,178	2.9
Less : Impairment charges and other credit losses on financial assets	(218,502,029)	(28,404,752)	669.2	(218,502,029)	(28,404,752)	669.2
Net operating income	512,901,303	862,783,593	(40.6)	507,833,632	861,618,674	(41.1)
Personnel expenses	(167,127,934)	(166,628,588)	0.3	(168,378,562)	(167,839,800)	0.3
Depreciation of property, plant and equipment	(83,821,313)	(72,920,086)	14.9	(84,121,124)	(73,985,722)	13.7
Amortisation of intangible assets	(3,177,671)	(3,272,850)	(2.9)	(3,177,671)	(3,272,850)	(2.9)
Other expenses	(224,616,832)	(156,899,047)	43.2	(225,924,604)	(158,881,510)	42.2
Operating profit before taxes on financial services	34,157,553	463,063,022	(92.6)	26,231,671	457,638,792	(94.3)
Taxes on financial services	(55,028,467)	(56,721,282)	(3.0)	(55,028,467)	(56,721,282)	(3.0)
Profit before income tax	(20,870,914)	406,341,740	(105.1)	(28,796,796)	400,917,510	(107.2)
Income tax reversal / (expense)	96,861,882	(135,128,953)	(171.7)	81,101,107	(155,835,916)	(152.0)
Profit for the period	75,990,968	271,212,787	(72.0)	52,304,311	245,081,594	(78.7)
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Actuarial gain / (loss) on defined benefit plans	5,999,263	(6,400,199)	193.7	5,999,263	(6,505,690)	192.2
Deferred tax effect on actuarial gain / (loss)	(3,124,802)	2,063,521	(251.4)	(3,124,802)	2,093,058	(249.3)
Changes in fair value of investments in equity at fair value through other comprehensive income	3,893,597	-	100.0	3,893,597	-	100.0
Items that are or may be reclassified to profit or loss						
Net change in fair value of available for sale financial assets	1,549,930	4,032,107	(61.6)	1,549,930	4,032,107	(61.6)
Total other comprehensive income	8,317,988	(304,571)	2,831.1	8,317,988	(380,525)	2,285.9
Total comprehensive income for the period net of tax	84,308,956	270,908,216	(68.9)	60,622,299	244,701,069	(75.2)
Earnings per share - Basic/diluted	1.05	3.86	(72.8)	0.72	3.49	(79.3)

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st March	Company			Group		
	2019 Rs.	2018 Rs.	Change %	2019 Rs.	2018 Rs.	Change %
Interest income	6,990,667,464	6,472,114,532	8.0	6,992,085,754	6,474,164,965	8.0
Interest expense	(3,759,531,355)	(3,410,063,681)	10.2	(3,754,628,139)	(3,405,469,460)	10.3
Net interest income	3,231,136,109	3,062,050,851	5.5	3,237,457,615	3,068,695,505	5.5
Net fee and commission income	90,247,349	63,724,196	41.6	223,882,012	207,703,640	7.8
Other operating income	183,615,568	197,965,525	(7.2)	104,195,568	114,987,525	(9.4)
Total operating income	273,862,917	261,689,721	4.7	328,077,580	322,691,165	1.7
Less : Impairment charges and other credit losses on financial assets	(473,513,352)	(55,509,601)	753.0	(473,513,352)	(55,509,601)	753.0
Net operating income	3,031,485,674	3,268,230,971	(7.2)	3,092,021,843	3,335,877,069	(7.3)
Personnel expenses	(701,374,419)	(621,444,313)	12.9	(706,127,910)	(625,868,230)	12.8
Depreciation of property, plant and equipment	(321,861,188)	(289,908,111)	11.0	(323,070,753)	(294,136,613)	9.8
Amortisation of intangible assets	(12,717,854)	(14,352,423)	(11.4)	(12,717,854)	(14,352,423)	(11.4)
Other expenses	(855,875,451)	(735,323,355)	16.4	(861,132,381)	(741,054,016)	16.2
Operating profit before taxes on financial services	1,139,656,762	1,607,202,769	(29.1)	1,188,972,945	1,660,465,787	(28.4)
Taxes on financial services	(249,986,300)	(249,787,078)	0.1	(249,986,300)	(249,787,078)	0.1
Profit before income tax	889,670,462	1,357,415,691	(34.5)	938,986,645	1,410,678,709	(33.4)
Income tax reversal / (expense)	25,034,649	(352,744,373)	(107.1)	(24,217,230)	(408,336,384)	(94.1)
Profit for the year	914,705,111	1,004,671,318	(9.0)	914,769,415	1,002,342,325	(8.7)
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Actuarial gain / (loss) on defined benefit plans	5,999,263	(6,400,199)	193.7	5,999,263	(6,505,690)	192.2
Deferred tax effect on actuarial gain / (loss)	(3,124,802)	2,063,521	(251.4)	(3,124,802)	2,093,058	(249.3)
Changes in fair value of investments in equity at fair value through other comprehensive income	3,893,597	-	100.0	3,893,597	-	100.0
Items that are or may be reclassified to profit or loss						
Net change in fair value of available for sale financial assets	-	8,306,537	(100.0)	-	8,306,537	(100.0)
Reclassification adjustment for gain included in the income statement	-	(5,496,247)	(100.0)	-	(5,496,247)	(100.0)
Total other comprehensive income	6,768,058	(1,526,388)	543.4	6,768,058	(1,602,342)	522.4
Total comprehensive income for the year net of tax	921,473,169	1,003,144,930	(8.1)	921,537,473	1,000,739,983	(7.9)
Earnings per share - Basic/diluted	12.62	13.97	(9.6)	12.62	13.93	(9.4)

Figures in brackets indicate deductions.

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Statement of financial position

As at 31st March	Company		Group	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Assets				
Cash and cash equivalents	731,270,227	764,909,318	735,191,939	817,948,235
Deposits with licensed commercial banks	1,350,519,166	588,383,766	1,350,519,166	588,383,766
Repurchase agreements	1,516,242,800	2,899,624,179	1,516,242,800	2,899,624,179
Financial assets held at fair value through profit or loss	167,900,307	87,479,831	167,900,307	87,479,831
Financial assets at amortised cost - Finance leases and hire purchases	25,859,868,946	24,049,704,770	25,859,868,946	24,049,704,770
Financial assets at amortised cost - Other loans and receivables	3,122,715,797	3,752,080,667	3,122,715,797	3,752,080,667
Financial assets measured at fair value through comprehensive income / financial assets available for sale	14,597,603	113,006,657	14,597,603	113,006,657
Financial assets at amortised cost - other financial instruments / financial assets held to maturity	1,044,295,261	967,518,989	1,044,295,261	967,518,989
Investments in subsidiaries	320,000,000	320,000,000	-	-
Investment property	375,880,895	379,280,895	278,260,383	281,660,383
Property, plant and equipment	1,910,535,675	1,366,616,928	1,914,557,730	1,371,811,835
Intangible assets	45,131,673	57,251,807	109,951,887	122,072,021
Current tax recoverable	-	77,799,351	-	47,706,913
Other assets	246,236,128	680,106,263	225,721,761	680,430,448
Total assets	36,705,194,478	36,103,763,421	36,339,823,580	35,779,428,694
Liabilities				
Due to banks	7,708,863,509	6,008,726,566	7,708,863,509	6,060,439,800
Financial liabilities at amortised cost - due to depositors	10,008,976,046	9,507,133,790	9,957,561,479	9,465,455,334
Financial liabilities at amortised cost - other borrowings	9,564,781,494	9,367,632,765	9,564,781,494	9,367,632,765
Debt securities issued	2,732,047,895	3,127,018,895	2,732,047,895	3,127,018,895
Subordinated debentures	-	1,272,876,786	-	1,272,876,786
Deferred tax liabilities	449,021,043	860,680,871	448,880,345	860,605,400
Current tax liabilities	101,522,133	-	113,508,721	-
Amounts payable to related company	282,146,920	291,578,050	-	-
Employee benefits	88,572,900	81,109,264	89,419,248	81,738,958
Other liabilities	556,792,899	555,520,066	559,881,381	559,828,823
Total liabilities	31,492,724,839	31,072,277,053	31,174,944,072	30,795,596,761
Equity				
Stated capital	1,587,862,680	1,587,862,680	1,587,862,680	1,587,862,680
Statutory reserve fund	420,036,033	365,036,033	424,997,079	369,997,079
Available for sale reserve	-	7,171,473	-	7,171,473
Fair value reserve	3,893,597	-	3,893,597	-
Retained earnings	3,200,677,329	3,071,416,182	3,148,126,152	3,018,800,701
Total equity	5,212,469,639	5,031,486,368	5,164,879,508	4,983,831,933
Total liabilities and equity	36,705,194,478	36,103,763,421	36,339,823,580	35,779,428,694
Net assets per share	71.92	69.42	71.26	68.77

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007 and the Finance Business Act No.42 of 2011

Sgd.

S D Bandaranayake
Additional Chief Executive Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved and signed for and on behalf of the Board.

Sgd.

W M R S Dias
Chairman

Colombo, Sri Lanka
29th May 2019

Sgd.

L Balasuriya
Chief Executive Officer/Managing Director

Statement of changes in equity

	Stated capital	Statutory reserve fund	Available-for-sale reserve	Fair value reserve	Retained earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Company						
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 for the year						
Profit for the year	-	-	-	-	1,004,671,318	1,004,671,318
Other comprehensive income, net of tax	-	-	2,810,290	-	(4,336,678)	(1,526,388)
Total comprehensive income for the year	-	-	2,810,290	-	1,000,334,640	1,003,144,930
<i>Transactions with equity holders recognised directly in equity</i>						
Rights issue of shares	579,800,480	-	-	-	-	579,800,480
Transfers to reserves	-	55,000,000	-	-	(55,000,000)	-
Dividends paid	-	-	-	-	(213,076,679)	(213,076,679)
Balance as at 31st March 2018	<u>1,587,862,680</u>	<u>365,036,033</u>	<u>7,171,473</u>	<u>-</u>	<u>3,071,416,182</u>	<u>5,031,486,368</u>
Balance as at 1st April 2018	1,587,862,680	365,036,033	7,171,473	-	3,071,416,182	5,031,486,368
Adjustment on initial application of SLFRS 9	-	-	(7,171,473)	-	(447,399,293)	(454,570,766)
Adjustment on initial application of SLFRS 15	-	-	-	-	(57,622,690)	(57,622,690)
Restated balance as at 1st April 2018	<u>1,587,862,680</u>	<u>365,036,033</u>	<u>-</u>	<u>-</u>	<u>2,566,394,199</u>	<u>4,519,292,912</u>
Total comprehensive income for the year						
Profit for the year	-	-	-	-	914,705,111	914,705,111
Other comprehensive income, net of tax	-	-	-	3,893,597	2,874,461	6,768,058
Total comprehensive income for the year	-	-	-	3,893,597	917,579,572	921,473,169
<i>Transactions with equity holders recognised directly in equity</i>						
Dividends paid	-	-	-	-	(228,296,442)	(228,296,442)
Transfers to reserves	-	55,000,000	-	-	(55,000,000)	-
Balance as at 31st March 2019	<u>1,587,862,680</u>	<u>420,036,033</u>	<u>-</u>	<u>3,893,597</u>	<u>3,200,677,329</u>	<u>5,212,469,639</u>
Group						
Balance as at 1st April 2017	1,008,062,200	310,190,064	4,361,183	-	2,293,754,702	3,616,368,149
Total comprehensive income for the year						
Profit for the year	-	-	-	-	1,002,342,325	1,002,342,325
Other comprehensive income, net of tax	-	-	2,810,290	-	(4,412,632)	(1,602,342)
Total comprehensive income for the year	-	-	2,810,290	-	997,929,693	1,000,739,983
<i>Transactions with equity holders recognised directly in equity</i>						
Rights issue of shares	579,800,480	-	-	-	-	579,800,480
Transfers to reserves	-	55,000,000	-	-	(55,000,000)	-
Dividends paid	-	-	-	-	(213,076,679)	(213,076,679)
Balance as at 31st March 2018	<u>1,587,862,680</u>	<u>365,190,064</u>	<u>7,171,473</u>	<u>-</u>	<u>2,968,607,716</u>	<u>4,983,831,933</u>
Balance as at 1st April 2018	1,587,862,680	369,997,079	7,171,473	-	3,018,800,701	4,983,831,933
Adjustment on initial application of SLFRS 9	-	-	(7,171,473)	-	(447,399,293)	(454,570,766)
Adjustment on initial application of SLFRS 15	-	-	-	-	(57,622,690)	(57,622,690)
Restated balance as at 1st April 2018	<u>1,587,862,680</u>	<u>369,997,079</u>	<u>-</u>	<u>-</u>	<u>2,571,401,408</u>	<u>4,529,261,167</u>
Total comprehensive income for the year						
Profit for the year	-	-	-	-	914,769,415	914,769,415
Other comprehensive income, net of tax	-	-	-	3,893,597	2,874,461	6,768,058
Total comprehensive income for the year	-	-	-	3,893,597	917,643,876	921,537,473
<i>Transactions with equity holders recognised directly in equity</i>						
Dividends paid	-	-	-	-	(228,296,442)	(228,296,442)
Transfers to reserves	-	55,000,000	-	-	(55,000,000)	-
Balance as at 31st March 2019	<u>1,587,862,680</u>	<u>424,997,079</u>	<u>-</u>	<u>3,893,597</u>	<u>3,148,126,152</u>	<u>5,164,879,508</u>

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

Statement of cash flows

For the year ended 31st March	Company		Group	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Cash flows from operating activities				
Interest and commission receipts	7,077,073,328	6,152,584,062	7,212,126,281	6,298,613,939
Interest payments	(3,840,510,938)	(3,371,849,640)	(3,835,607,722)	(3,367,255,419)
Recoveries of bad debts	39,267,215	59,340,255	39,267,215	59,340,255
Other operating income	76,166,998	27,690,503	75,866,998	36,062,503
Operating expenditure	(1,240,141,250)	(1,030,947,733)	(1,245,398,180)	(1,036,678,394)
Cash payments to employees	(683,434,961)	(604,931,628)	(687,971,798)	(609,180,298)
Operating cash flow before changes in operating assets and liabilities (Note A)	1,428,420,392	1,231,885,819	1,558,282,794	1,380,902,586
Changes in operating assets and liabilities				
Net funds advanced to customers	(2,009,995,305)	(3,729,955,265)	(2,009,995,305)	(3,729,955,265)
Deposits from customers	501,842,256	2,276,261,225	492,106,145	2,260,940,783
Deposits with licensed commercial banks	(762,162,254)	1,853,032,972	(762,162,254)	1,853,032,972
Government and other securities	1,306,605,107	(1,972,241,797)	1,306,605,107	(1,972,241,797)
Other assets	433,926,542	(501,535,902)	454,708,688	(503,884,707)
Other liabilities	(64,434,147)	(35,589,755)	(55,444,335)	(38,541,933)
	(594,217,801)	(2,110,028,522)	(574,181,954)	(2,130,649,947)
Net cash flow from operating activities before taxation	834,202,591	(878,142,703)	984,100,840	(749,747,361)
Taxes paid	(212,912,996)	(124,114,988)	(281,058,502)	(171,950,106)
Gratuity paid	(4,476,559)	(20,303,369)	(4,476,559)	(20,303,369)
Net cash generated from / (used in) operating activities	616,813,036	(1,022,561,060)	698,565,779	(942,000,836)
Cash flows from investing activities				
Net investment in trading securities	2,035,578	(3,775,513)	2,035,578	(3,775,513)
Net investment in financial assets available for sale	-	(25,000,000)	-	(25,000,000)
Dividends received on investments	81,714,358	94,268,382	2,594,364	2,918,382
Purchase of property, plant and equipment	(930,028,316)	(358,456,807)	(930,065,036)	(358,993,567)
Purchase of intangible assets	(597,720)	(679,377)	(597,720)	(679,377)
Proceeds from sale of property, plant and equipment	113,229,189	124,505,757	113,229,189	124,505,757
Net cash used in investing activities	(733,646,911)	(169,137,558)	(812,803,625)	(261,024,318)
Cash flows from financing activities				
Proceeds from rights issue	-	579,800,480	-	579,800,480
Securitized loans obtained	7,300,000,000	6,740,000,000	7,300,000,000	6,740,000,000
Repayment of loans	(5,311,665,602)	(5,082,045,291)	(5,311,665,602)	(5,082,045,291)
Redemption of debenture	(1,647,270,000)	(585,753,500)	(1,647,270,000)	(585,753,500)
Dividends paid	(227,215,190)	(212,148,177)	(227,215,190)	(212,148,177)
Net cash generated from financing activities	113,849,208	1,439,853,512	113,849,208	1,439,853,512

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

Statement of cash flows (Continued)

For the year ended 31st March	Company		Group	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Net (decrease) / increase in cash and cash equivalents	(2,984,667)	248,154,894	(388,638)	236,828,358
Cash and cash equivalents at the beginning of the year	682,075,540	433,920,646	683,401,223	446,572,865
Cash and cash equivalents at the end of the year	679,090,873	682,075,540	683,012,585	683,401,223
Reconciliation of cash and cash equivalents				
Cash and cash equivalents	731,277,722	764,909,318	735,199,434	817,948,235
Bank overdrafts	(52,186,849)	(82,833,778)	(52,186,849)	(134,547,012)
	679,090,873	682,075,540	683,012,585	683,401,223
Note A				
Reconciliation of operating profit				
Profit before income tax	889,670,462	1,357,415,691	938,986,645	1,410,678,709
Depreciation	334,579,042	304,260,534	335,788,607	308,489,036
Dividend receipts on investments	(81,714,358)	(94,268,382)	(2,594,358)	(2,918,382)
Profit on disposal of motor vehicles	(45,580,900)	(66,838,726)	(45,580,900)	(66,838,726)
Provision for defined benefit plan	17,939,458	16,512,685	18,156,112	16,687,932
Impairment charge on financial assets	401,914,913	104,670,291	401,914,913	104,670,291
Loss on auction of pawning articles	(133,860)	867,733	(133,860)	867,733
Loss / (Gain) on mark to market valuation of shares	22,136,573	(2,015,455)	22,136,573	(2,015,455)
Gain on sale of shares	(2,289,975)	(1,656,313)	(2,289,975)	(1,656,313)
Gains from available for sale financial assets	-	(5,496,247)	-	(5,496,247)
Loss on foreign currency balances	90	101	90	101
Interest accrued on loans and advances	(27,121,470)	(419,780,134)	(27,121,470)	(419,780,134)
Accrued interest on borrowings	(60,401,797)	45,350,468	(60,401,797)	45,350,468
Accrued interest on debentures	(20,577,786)	(7,136,427)	(20,577,786)	(7,136,427)
	1,428,420,392	1,231,885,819	1,558,282,794	1,380,902,586

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

Segment report

As at 31st March	Leasing & Hire purchase		Pawning advances		Other Advances		Investments		Insurance Brokering		Unallocated		Total	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Revenue														
<i>External customers</i>														
Interest	5,781,308,924	5,146,052,571	246,654,396	176,624,867	604,448,311	805,032,870	359,674,123	346,454,657	-	-	-	-	6,992,085,754	6,474,164,965
Trading	-	-	-	-	-	-	(19,846,598)	9,168,015	-	-	143,728	110,530	(19,702,870)	9,278,545
Commissions	-	-	-	-	-	-	-	-	133,718,554	144,121,384	-	-	133,718,554	144,121,384
Rent	-	-	-	-	-	-	21,470,368	19,990,913	-	-	-	-	21,470,368	19,990,913
Dividends	-	-	-	-	-	-	2,594,358	2,918,382	-	-	-	-	2,594,358	2,918,382
Other income	42,514,365	37,898,029	-	-	-	-	45,580,900	66,838,726	-	-	125,181,890	78,170,654	213,277,155	182,907,409
Total revenue	5,823,823,289	5,183,950,600	246,654,396	176,624,867	604,448,311	805,032,870	409,473,151	445,370,693	133,718,554	144,121,384	125,325,618	78,281,184	7,343,443,319	6,833,381,598
Profit before tax													938,986,645	1,410,678,709
Taxation													(24,217,230)	(408,336,384)
Profit after tax													<u>914,769,415</u>	<u>1,002,342,325</u>
Segment Assets	25,859,868,946	24,049,704,770	1,197,065,256	993,680,335	1,925,650,541	2,758,400,332	6,327,482,868	6,361,542,540	8,549,400	58,269,578	1,021,206,569	1,557,831,139	36,339,823,580	35,779,428,694
Segment Liabilities	25,169,540,739	23,821,745,802	1,065,996,951	811,642,126	2,612,319,370	3,699,357,859	1,769,670,995	2,046,606,585	15,780,717	56,405,448	541,635,300	359,838,941	31,174,944,072	30,795,596,761
Information on Cash flows														
Operating activities	806,528,980	321,660,511	21,469,254	(16,280,121)	312,707,336	5,338,119	(267,748,906)	(989,791,625)	77,149,527	67,579,788	(251,540,412)	(330,507,508)	698,565,779	(942,000,836)
Investing activities	-	-	-	-	-	-	4,629,942	(25,857,131)	-	-	113,229,189	124,505,757	117,859,131	98,648,626
Capital expenditure	(659,993,769)	(241,792,803)	(30,516,658)	(9,990,341)	(52,555,663)	(27,732,621)	(161,526,434)	(63,958,174)	(36,720)	-	(26,033,512)	(16,199,005)	(930,662,756)	(359,672,944)
Financing activities	-	-	-	-	-	-	-	-	-	-	113,849,208	1,439,853,512	113,849,208	1,439,853,512
Net cash flow	146,535,211	79,867,708	(9,047,404)	(26,270,462)	260,151,673	(22,394,502)	(424,645,398)	(1,079,606,930)	77,112,807	67,579,788	(50,495,527)	1,217,652,756	(388,638)	236,828,358
Depreciation and amortisation	(284,197,396)	(249,232,683)	(13,140,662)	(10,297,740)	(22,630,793)	(28,585,944)	(3,400,000)	-	(1,209,565)	(1,198,546)	(11,210,191)	(19,174,123)	(335,788,607)	(308,489,036)

Senkadagala Finance PLC

Selected Performance Indicators

As at 31st March

2019

2018

Regulatory Capital Adequacy

Core Capital (Tier 1) Rs. '000	4,683,496	5,024,315
Total Capital Base (Tier 2) Rs. '000	4,908,332	5,258,941
Core Capital Adequacy Ratio, as % of Risk Weighted Assets	13.20% *	16.86%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets	13.84% *	17.65%
Capital funds to Deposit Liabilities Ratio	52.08%	52.92%

** Computed as per Finance Business Act (Capital Adequacy Requirements) Directions No. 03 of 2018*

Asset Quality (Quality of Loan Portfolio)

Gross Non-Performing Accommodations Rs. '000	1,520,068	643,796
Gross Non-Performing Accommodations Ratio, %	5.03%	2.28%
Net Non-Performing Accommodations Ratio, %	1.99%	0.72%

Profitability

Interest Margin	9.70%	9.93%
Return on Assets (before Tax)	3.13%	4.80%
Return on Equity (after Tax)	17.86%	23.11%

Regulatory Liquidity (Rs. '000)

Required minimum amount of Liquid Assets	1,391,152	1,507,559
Available amount of Liquid Assets	4,017,149	4,919,962
Required minimum amount of Government Securities	1,092,624	876,255
Available amount of Government Securities	1,865,048	3,679,930

Computed as per CBSL guidelines

Debt

Debt-to-Equity ratio (time)	3.83	3.93
Interest cover (time)	1.24	1.29

Memorandum information

Number of employees	794	745
Number of branches	59	54
Number of service centers	41	41

The above figures are provisional and subject to audit.

Notes to the Financial Statements

1 General

There were no changes to the Accounting Policies and methods of computation applied in the year ended March 31, 2018, except for financial assets and liabilities within the scope of Sri Lanka Accounting Standard - SLFRS 9 on “Financial Instruments” (SLFRS 9) for which comparative information for 2018 is reported under Sri Lanka Accounting Standard - LKAS 39 on “Financial Instruments: Recognition and Measurement” (LKAS 39). In order to recognise the impact on the transition, the Company has adopted the modified retrospective approach in line with SLFRS 9 - Financial Instruments. Accordingly the impact on the adoption of SLFRS 9 as at 31 March 2018, has been reflected in the opening equity balance as at 01 April 2018.

The interim financial statements are prepared in compliance with Sri Lanka Accounting Standard (LKAS) 34 - Interim Financial Reporting.

2 Sri Lanka Accounting Standard – SLFRS 9 on “Financial Instruments”

The Sri Lanka Accounting Standard – SLFRS 9 on “Financial Instruments”, which replaced the previous guidance on LKAS 39 on “Financial Instruments: Recognition and Measurement” became effective for annual reporting periods beginning on or after January 01, 2018. SLFRS 9 replaced the “Incurred Loss Model” in LKAS 39 with forward looking “Expected Loss Model (“ECL”) which requires considerable judgment over how changes in economic factors affect ECL, which in turn is to be determined on a probability weighted basis. SLFRS 9 also contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed based on their cash flow characteristics.

Based on the “Statement of Alternative Treatment (SoAT) on the Figures in the Interim Financial Statements” issued by The Institute of Chartered Accountants of Sri Lanka, the Company continued to prepare the interim financial statements for the first three quarters of the year 2018 with the application of LKAS 39 (Financial Instruments: Recognition and Measurement), along with relevant disclosures on the impact to the Statement of Comprehensive Income for the period, if SLFRS 9 has been applied.

- 3 Dr. Prathap Ramanujam retired from his position as an Independent, Non-Executive Director of the Company with effect from December 12, 2018 on reaching 70 years of age, the maximum age permitted by the Finance Companies (Corporate Governance) Direction No. 03 of 2008 issued by the CBSL.
- 4 There were no material changes in the composition of assets, liabilities and contingent liabilities during the period
- 5 All known expenses have been provided for in these financial statements.
- 6 The Board of Directors has declared following Dividend payments,

Year	Dividend	Dividend per share Rs.	Total amount paid Rs.	Date of payment
2017/18	Third interim dividend	1.00	72,475,061.00	May 03, 2018
2017/18	Final dividend	0.95	68,851,307.95	July 10, 2018
2018/19	First interim dividend	0.40	28,990,024.40	October 29, 2018
2018/19	Second interim dividend	0.80	57,980,048.80	February 11, 2019
2018/19	Third interim dividend	0.60	43,485,036.60	May 07, 2019

7 Debenture Information

- 7.1 During the period, the Company redeemed the senior, unsecured, redeemable, listed debentures to the value of Rs.397 million and Subordinated, unsecured, redeemable, listed debentures to the value of Rs.1,250 million.
- 7.2 **Debenture issue -November 2016**

Utilization of funds raised via capital market Debenture Issue as at May 25, 2019

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

Notes to the Financial Statements (Continued)

7.3 Information on listed debenture

Type of Debenture	Annual effective %	Current yield %	Yield to maturity %	Last traded Value Rs.	Highest traded Value Rs.	Lowest traded Value Rs.
3 year - 6 months gross T-bill rate + 1.50 % payable Semi-annually	11.99%	Not traded	Not traded	Not traded	Not traded	Not traded
3 year - 13.25 % payable Semi- Annually	13.69%	Not traded	Not traded	Not traded	Not traded	Not traded
4 year - 6 months gross T-bill rate + 1.75 % payable Semi-annually	12.27%	Not traded	Not traded	Not traded	Not traded	Not traded
4 year - 13.75 % payable Semi- Annually	14.22%	13.72%	6.88%	100.00	100.00	100.00

7.4 Interest rate of comparable government securities

As at 31st March	2019	2018
6 month Treasury bill	9.67%	8.52%
3 year Treasury bond	10.70%	10.05%
4 year Treasury bond	10.80%	10.20%

8 Share information

8.1 Directors' shareholdings

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

As at	31.03.2019
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. Mr. S. D. Bandaranayake	Nil
11. Mr. D.T.P. Collure	Nil
12. Mr. W.M.R.S. Dias	Nil
13. Mr. Senanayakege R. Pushpakumara	Nil

Notes to the Financial Statements (Continued)

8.2 Key Management Shareholdings

The number of shares held by the Key Management Personnel.

As at	31.03.2019
1. Mr. P.P.K. Ikiriwatta	16,977
2. Mr. J.K. Jayathilake	16,963

8.3 Stated Capital

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

As at	31.03.2019	31.03.2018
Ordinary shares	72,475,061	72,475,061

8.4 The 20 largest shareholders of the Company as at March 31, 2019 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
	72,475,046	

Notes to the Financial Statements (Continued)

8.5 The float adjusted market capitalization and public holding

As at 31st March	2019	2018	Minimum Requirement
The float adjusted market capitalization	1,393,011,618	1,393,011,618	Rs. 1 Bn
Public holding percentage	21.60%	21.60%	7.5%
No of public share holders	9	9	200

8.6 Rights issue - April 2017

Utilization of funds raised via the Rights Issue as at May 25, 2019

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

8.7 Information on Ratios and Share Prices

As at 31st March	2019	2018
Dividend per share (Rs.)	3.15	3.00
Net Assets per share (Rs.)	71.92	69.42
Market Prices		
- Highest price	Not traded	Not traded
- Lowest price	Not traded	Not traded
- Last traded price	Not traded	Not traded

9 Events after the Reporting period

There were no material events occurring after the reporting period that require adjustment or disclosure in the Financial Statements.

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