

# **THE FINANCE COMPANY PLC**



## **INTERIM FINANCIAL STATEMENTS**

*FOR THE PERIOD ENDED*

*30<sup>th</sup> of June 2018.*

**The Finance Company PLC**  
**Statement of Comprehensive Income**  
(All amounts in Sri Lankan Rupees)

For the 03 months ended	30.06.2018 (Unaudited)	30.06.2017 (Unaudited)
Gross Income	804,027,542	866,492,255
Interest Income	791,783,580	798,147,113
Interest Expenses	(1,096,810,544)	(1,012,624,149)
<b>Net Interest Expenses</b>	<b>(305,026,964)</b>	<b>(214,477,036)</b>
Fee and Commission Income	10,025,485	19,206,985
Fee and Commission Expenses	(1,273,259)	(1,858,054)
<b>Net Fee and Commission Income</b>	<b>8,752,226</b>	<b>17,348,932</b>
Net Trading Income	(5,987,308)	17,975,875
Other Operating Income	8,205,786	31,162,282
<b>Total Operating Income/ (Loss)</b>	<b>(294,056,260)</b>	<b>(147,989,947)</b>
Impairment (Charge)/ Reversal for Loans and Other Assets	(200,855,433)	(125,671,574)
<b>Net Operating Loss</b>	<b>(494,911,693)</b>	<b>(273,661,521)</b>
Personnel Expenses	(144,876,596)	(156,209,759)
Other Operating Expenses	(103,861,365)	(112,026,794)
<b>Total Operating Expenses</b>	<b>(248,737,961)</b>	<b>(268,236,553)</b>
<b>Operating Loss before Value Added Tax on Financial Services</b>	<b>(743,649,654)</b>	<b>(541,898,075)</b>
Value Added Tax on Financial Services	-	-
<b>Loss before Income Tax</b>	<b>(743,649,654)</b>	<b>(541,898,075)</b>
Income Taxation	-	-
<b>Loss for the Year</b>	<b>(743,649,654)</b>	<b>(541,898,075)</b>
<b>Other Comprehensive Income</b>		
Revaluation on Land and Buildings	-	-
Actuarial Gain on Defined Benefit Plans	-	-
Net Gain/ (Loss) on Re-measuring Available-for-Sale Financial Ass	-	-
<b>Other Comprehensive Income for the Year, Net of Taxes</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Loss for the Year</b>	<b>(743,649,654)</b>	<b>(541,898,075)</b>
Basic Loss per Share	(4.64)	(3.38)
Dividend per Share	-	-

**The Finance Company PLC**  
**Statement of Financial Position**  
(All amounts in Sri Lankan Rupees)

As at	30.06.2018	31.03.2018
	(Unaudited)	(Audited)
<b>ASSETS</b>		
Cash and Cash Equivalents	397,239,703	480,200,644
Financial Investment - Held for Trading	65,720,076	72,861,416
Loans and Receivables - Hire Purchases	4,396,967,827	4,377,538,417
Loans and Receivables - Leases	699,851,259	634,954,850
Loans and Receivables - Others	3,072,981,476	4,136,745,099
Financial Investment - Loans and Receivables	232,310,105	226,694,903
Financial Investment - Held to Maturity	4,731,438,693	4,838,223,624
Financial Investment - Available-for-Sale	1,553,591,031	1,391,269,342
Investments in Real Estate	1,278,695,834	1,299,653,826
Other Assets	270,488,123	254,647,934
Investment Properties	1,843,369,585	1,861,369,585
Property, Plant and Equipment	3,976,929,042	3,988,242,921
<b>Total Assets</b>	<b>22,519,582,755</b>	<b>23,562,402,560</b>
<b>LIABILITIES</b>		
Financial Liabilities due to Customers	29,916,842,276	30,408,151,870
Interest bearing Borrowings	5,388,529,515	5,124,570,818
Deferred Revenue	1,474,879,840	1,544,493,370
Other Payables	959,484,457	961,690,180
Current Tax Liabilities	-	-
<b>Total Liabilities</b>	<b>37,739,736,087</b>	<b>38,038,906,238</b>
<b>SHARE HOLDERS' FUNDS</b>		
Stated Capital	4,010,180,756	4,010,180,756
Statutory Reserve Fund	659,910,000	659,910,000
Other Reserves	3,149,186,682	3,149,186,682
Retained Earnings	(23,039,430,770)	(22,295,781,115.63)
<b>Total Shareholders' funds</b>	<b>(15,220,153,332)</b>	<b>(14,476,503,678)</b>
<b>Total Liabilities and Shareholders' funds</b>	<b>22,519,582,755</b>	<b>23,562,402,560</b>
Net Asset Value per Share	(94.88)	(90.24)
Commitments and Contingencies	30,700,000	31,500,000

I certify that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

.....signed.....

**Dushyantha Seelaratne**  
Acting 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, by

.....signed.....

**B.A.W. Kumarasiri**  
Chairman  
13th August 2018  
Colombo

.....signed.....

**Nimal J.B.Mamaduwa**  
Executive Director/CEO

**The Finance Company PLC**  
**Statement of Changes in Equity**  
(All amounts in Sri Lankan Rupees)

	Stated Capital	Statutory Reserve Fund	Other Reserves		Retained Earnings		Total
			Revaluation Reserve	Available for Sale Reserve	General Reserve		
Balance as at 01 <sup>st</sup> April 2017	4,010,180,756	659,910,000	1,314,602,933	117,360,586	4,812,195	(20,511,886,630)	(14,405,020,161)
Total Comprehensive							
Loss for the Period	-	-	-	-	-	(541,898,075)	(541,898,075)
Other Comprehensive Income for the period							-
Balance as at 30th June 2017	4,010,180,756	659,910,000	1,314,602,933	117,360,586	4,812,195	(21,053,784,705)	(14,946,918,235)
Balance as at 01 <sup>st</sup> April 2018	4,010,180,756	659,910,000	3,030,819,861	113,554,626	4,812,195	(22,295,781,116)	(14,476,503,678)
Total Comprehensive							
Loss for the Period	-	-	-	-	-	(743,649,654)	(743,649,654)
Other Comprehensive Income for the period	-	-	-	-	-	-	-
Balance as at 30th June 2018	4,010,180,756	659,910,000	3,030,819,861	113,554,626	4,812,195	(23,039,430,770)	(15,220,153,332)

**The Finance Company PLC**  
**Statement of Cash Flows**  
(All amounts in Sri Lankan Rupees)

For the Period Ended

**30.06.2018**

**30.06.2017**

**Cash Flows from/ (used in) Operating Activities**

Loss for the Year (743,649,654) (541,898,075)

**Adjustments for:**

Non Cash Items included in Loss Before Tax	183,418,396	92,767,311
Changes in Operating Assets	776,558,833	40,931,286
Changes in Operating Liabilities	(493,666,528)	980,915,122
Dividends Received	(1,154,032)	(257,751)
<b>Net Cash Flows from/(used in) Operating Activities</b>	<b>(278,492,986)</b>	<b>572,457,894</b>

**Cash Flows from/ (used in) Investing Activities**

Acquisition of Property, Plant and Equipment	(1,705,236)	(581,500)
Proceeds from Sale of Property, Plant and Equipment	768,235	195,800
Proceeds from / (Invested in) Fin.Investments - Loans & Receivable	(5,615,202)	(350,037,387)
Interest Received from Financial Investment - Held to Maturity	234,737,973	199,253,344
Proceeds from / (Investment in) Financial Investment - Available-for-Sale	(162,321,690)	(342,981,130)
Proceeds from / (Investment in ) Investment Properties	11,000,000	-
Dividends Received	1,154,032	257,751
<b>Net Cash Flows from Investing Activities</b>	<b>78,018,111</b>	<b>(493,893,122)</b>

**Cash Flows from/ (used in) Financing Activities**

Settlement of Long Term Borrowings	(53,632,697)	(74,689,318)
Settlement of Short Term Borrowings	18,917,526	(14,867,684)
<b>Net Cash Flows (used in)/ from Financing Activities</b>	<b>(34,715,171)</b>	<b>(89,557,002)</b>
<b>Net (Decrease)/ Increase in Cash and Cash Equivalents</b>	<b>(235,190,045)</b>	<b>(10,992,230)</b>

Cash and Cash Equivalents and Bank Overdrafts at the Beginning of the Year

225,638,679

83,324,931

**Cash and Cash Equivalents and Bank Overdrafts at the End of the Year**

**(9,551,366)**

**72,332,701**

**The Finance Company PLC**  
**Segmental Reporting**  
(All amounts in Sri Lankan Rupees)

Period Ended 30th June

Segment Reporting	Financial		Real Estate		Investment Properties		Treasury		Investment in Shares		Total	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017	30.06.2018	30.06.2017	30.06.2018	30.06.2017	30.06.2018	30.06.2017	30.06.2018	30.06.2017
<b>Segment Income</b>												
Interest Income	658,817,781	659,597,049	-	-	-	-	132,965,798	138,550,064	-	-	791,783,580	798,147,113
Real Estate Income	-	-	2,080,541	27,466,785	-	-	-	-	-	-	2,080,541	27,466,785
Fees and Commission Income	10,025,485	19,206,985	-	-	-	-	-	-	-	-	10,025,485	19,206,985
Income from Held-for-Trading Instruments	-	-	-	-	-	-	-	-	(5,987,308)	17,975,875	(5,987,308)	17,975,875
Dividend Income from Available for Sale Investments	-	-	-	-	-	(0)	-	-	(0)	-	(0)	-
Change in Fair Value of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Recovery of Loans Written Off	504,558	927,462	-	-	-	-	-	-	-	-	504,558	927,462
Rent Income	2,927,110	2,111,280	-	-	2,710,677	1,652,400	-	-	-	-	5,637,787	3,763,680
Total Segment Income	672,274,934	681,842,775	2,080,541	27,466,785	2,710,677	1,652,400	132,965,798	138,550,064	(5,987,308)	17,975,875	804,044,642	867,487,900
<b>Non Segment Income</b>												
Gain on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	-	54,791	109,338
Other Income	-	-	-	-	-	-	-	-	-	-	(71,891)	(1,104,982)
Total Non Segment Income	-	-	-	-	-	-	-	-	-	-	(17,100)	(995,645)
Total Gross Income	672,274,934	681,842,775	2,080,541	27,466,785	2,710,677	1,652,400	132,965,798	138,550,064	(5,987,308)	17,975,875	804,027,542	866,492,255
<b>Segment Expense</b>												
Fees and Commission Expenses	(1,273,259)	(1,858,054)	-	-	-	-	-	-	-	-	(1,273,259)	(1,858,054)
Impairment for Loans & Receivables	(200,855,433)	(125,671,574)	-	-	-	-	-	-	-	-	(200,855,433)	(125,671,574)
Other Operating Exp.	-	-	-	-	355,564	429,388	-	-	-	-	355,564	429,388
Total Segment Expenses	(202,128,692)	(127,529,628)	-	-	355,564	429,388	-	-	-	-	(201,773,128)	(127,100,240)
<b>Non Segment Expenses</b>												
Impairment Charge of Other Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Impairment Reversal of Property, Plant & Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-	-	-	-	(1,096,810,544)	(1,012,624,149)
Personnel Expenses	-	-	-	-	-	-	-	-	-	-	(144,876,596)	(156,209,759)
Other Operating Expenses	-	-	-	-	-	-	-	-	-	-	(104,216,929)	(112,456,182)
Total Non Segment Expenses	-	-	-	-	-	-	-	-	-	-	(1,345,904,069)	(1,281,290,090)
Total Gross Expenses	(202,128,692)	(127,529,628)	-	-	355,564	429,388	-	-	-	-	(1,547,677,196)	(1,408,390,330)
Profit / (Loss) for the Period	470,146,243	554,313,147	2,080,541	27,466,785	3,066,241	2,081,788	132,965,798	138,550,064	(5,987,308)	17,975,875	(743,649,654)	(541,898,075)
<b>As at</b>	30.06.2018	31.03.2018	30.06.2018	31.03.2018	30.06.2018	31.03.2018	30.06.2018	31.03.2018	30.06.2018	31.03.2018	30.06.2018	31.03.2018
Segment Assets	8,169,800,561	9,149,238,365	1,278,695,834	1,299,653,826	1,843,369,585	1,861,369,585	6,786,902,111	6,808,711,091	193,397,498	200,538,838	18,272,165,589	19,319,511,705
Non-Segment Assets	-	-	-	-	-	-	-	-	-	-	4,247,417,165	4,242,890,855
Total Assets	8,169,800,561	9,149,238,365	1,278,695,834	1,299,653,826	1,843,369,585	1,861,369,585	6,786,902,111	6,808,711,091	193,397,498	200,538,838	22,519,582,755	23,562,402,560
Segment Liability	8,471,243	25,503,867	131,892,347	129,369,070	-	-	6,863,409,355	6,669,064,188	-	-	7,003,772,945	6,823,937,125
Non-Segment Liability	-	-	-	-	-	-	-	-	-	-	30,735,963,142	31,214,969,113
Total Liability	8,471,243	25,503,867	131,892,347	129,369,070	-	-	6,863,409,355	6,669,064,188	-	-	37,739,736,087	38,038,906,238

## NOTES TO THE FINANCIAL STATEMENTS

- 1 These Financial Statements are in compliance with LKAS 34 & Sri Lanka Financial Reporting Standards.
- 2 The Company has adopted consistent accounting policies as disclosed in the Annual Report for the year ended 31<sup>st</sup> March 2018.
- 3 Subsequent to the Balance Sheet date, no circumstances has arisen that would require adjustments to or disclosure in the Financial Statements.
- 4 Stated capital is represented by number of shares in issue as follows.

	<b>30-06-2018</b>	<b>30-06-2017</b>
Ordinary shares	157,966,232	157,966,232
Workers shares	2,453,133	2,453,133
	<u>160,419,365</u>	<u>160,419,365</u>

	<b>30-06-2018</b>	<b>30-06-2017</b>
Voting shares	60,419,365	60,419,365
Non voting shares	100,000,000	100,000,000
	<u>160,419,365</u>	<u>160,419,365</u>

- 5 Market Value of Shares during the Quarter Ended

		<b>30-06-2018</b>		<b>30-06-2017</b>	
		<b>Voting</b>	<b>Non Voting</b>	<b>Voting</b>	<b>Non Voting</b>
		<b>Ordinary Shares</b>	<b>Ordinary Shares</b>	<b>Ordinary Shares</b>	<b>Ordinary Shares</b>
Highest traded price	Rs.	0.00	0.00	5.60	3.00
Lowest traded price	Rs.	3.20	1.50	4.80	2.20
Last traded price	Rs.	3.20	1.50	5.30	2.40

## 6.1 Major Shareholders - Voting Ordinary Shares - as at 30<sup>th</sup> June 2018

	<b>Name of the Shareholder</b>	<b>No. of Shares</b>	<b>% on Total Voting Ordinary Shares</b>
1	SAMPATH BANK PLC/ DR.T.SENTHILVERL	7,124,900	11.79%
2	CEYLINCO INVESTMENT CO LTD	6,670,230	11.04%
3	SEYLAN BANK PLC/DR.THIRUGNANASAMBANDAR SENTHILVERL	5,948,480	9.85%
4	BANK OF CEYLON A/C CEYBANK UNIT TRUST	5,706,601	9.44%
5	EMPLOYEES PROVIDENT FUND	5,091,200	8.43%
6	ALLNATT INVESTMENTS (PRIVATE) LIMITED	2,906,570	4.81%
7	PEOPLES BANK	2,080,400	3.44%
8	CEYLINCO GENERAL INSURANCE LIMITED	1,875,000	3.10%
9	SEYLAN BANK PLC/K.L.G.UDAYANANDA	1,732,809	2.87%
10	PEOPLES LEASING & FINANCE PLC/K.L.UDAYANANDA	994,967	1.65%
11	MR. M.M.C.J. FERNANDOPULLE	925,000	1.53%
12	SEYLAN BANK PLC. - A/C NO. 3	893,003	1.48%
13	MR. N. PERERA	889,270	1.47%
14	MRS. R.A.D.R.P. KUMARI	560,625	0.93%
15	MR J.L.B. KOTELAWALA	526,427	0.87%
16	MR. R.A.D.S.P. RANDENIYA	473,406	0.78%
17	MR. G.S. PADUMADASA	393,050	0.65%
18	MISS R.H. MALLIKA	243,679	0.40%
19	PEOPLES LEASING & FINANCE PLC/ MR. W.M.H.B.SENEVIRATHNA	235,558	0.39%
20	MR. Y.J.S. PERERA	230,945	0.38%
	<b>Total</b>	<b>45,502,120</b>	<b>75.30%</b>



6.2 Major Shareholders - Non Voting Ordinary Shares - as at 30<sup>th</sup> June 2018

	Name of the Shareholder	No. of Shares	% on Total Non-Voting Ordinary Shares
1	PEOPLES LEASING & FINANCE PLC/MR.J.A.K.S.PRABHA	1,543,547	1.54%
2	BANK OF CEYLON A/C CEYBANK UNIT TRUST	1,494,345	1.49%
3	MRS. R.A.D.R.P. KUMARI	1,405,058	1.41%
4	THE BISHOP OF GALLE	1,347,535	1.35%
5	MRS. A. KUNDANMAL	1,250,000	1.25%
6	SEYLAN BANK PLC/K.L.G.UDAYANANDA	1,222,020	1.22%
7	MR. Y.L. FAROOK	1,059,900	1.06%
8	MRS. P.S.A.V. PERERA	945,200	0.95%
9	MR. Y.J.S. PERERA	753,698	0.75%
10	MR. M. GUNADASA	718,545	0.72%
11	MR. I.H. JAFFERJEE	645,400	0.65%
12	ANDARADENIYA ESTATE PRIVATE LIMITED	645,182	0.65%
13	MR. M. DE SARAM	638,392	0.64%
14	MR. W.N.K. WADUGE	617,600	0.62%
15	MR. D. RAJESWARAN	598,800	0.60%
16	MR. S. RANAWEERA	579,800	0.58%
17	MR. K.K.D. SENANAYAKE	555,404	0.56%
18	MR. R.E. RAMBUKWELLE	546,442	0.55%
19	MR. C. SILUVAITHASAN	537,500	0.54%
20	MR. A. GALLAGE	523,000	0.52%
	<b>Total</b>	<b>17,627,368</b>	<b>17.65%</b>

### 6.3 Directors Shareholding as at 30<sup>th</sup> June 2018

	Name	Voting Ordinary Shares	Worker Shares	Non Voting Ordinary Shares
1	Mr B A W Kumarasiri	Nil	Nil	Nil
2	Mr N J B Mamaduwa	Nil	Nil	Nil
3	Mr M K D W Amarasinghe	Nil	Nil	Nil
4	Dr W G Karunadasa	4,620	Nil	Nil
5	Mr R Siriwardena	Nil	Nil	Nil

		Voting Ordinary Shares	Non- Voting Ordinary Shares
6.4	Public Holding %	73.09%	100.00%
	No of Shareholders	9,607	5,479

## CORPORATE INFORMATION

### NAME OF COMPANY

The Finance Company PLC

### LEGAL STATUS

- \* Incorporated under the Companies Ordinance No 51 of 1938 and re-registered under the Companies Act.No 7 of 2007
- \* Date of Incorporation - 30th May 1940
- \* Registered under the Finance Companies Act No 42 of 2011
- \* Approved Credit Agency under the Mortgage Act No 6 of 1949 and Inland Trust Receipts Act No 14 of 1990
- \* Registered under the Finance Leasing Act No 56 of 2000
- \* Public Company Listed on the Colombo Stock Exchange

### BOARD OF DIRECTORS

Mr. B.A.W.Kumarasiri	Chairman/ Non Executive Director
Mr. Nimal J B Mamaduwa	Executive Director/CEO
Mr. R.Siriwardhana	Non Executive Director
Dr.W.G.Karunadasa	Non Executive Director
Mr. M.K.D.W.Amarasinghe	Non Executive Director

### COMPANY SECRETARY

Ms. S.Naguruge

### COMPANY REGISTRATION NUMBER PQ - 1

### REGISTERED OFFICE

No.97, Hyde Park Corner,Colombo 2  
Tel.No.2682745

### HEAD OFFICE

The Finance House  
No.55,(Lauries Place)  
R.A.de Mel Mawatha  
Colombo 4  
Tel. Nos -2597613/2580210  
Web:www.thefinance.lk

### BANKERS

Seylan Bank PLC  
People's Bank  
Commercial Bank of Ceylon PLC  
Hatton National Bank PLC  
Bank of Ceylon  
Deutsche Bank  
Pan Asia Bank PLC  
Union Bank PLC

### AUDITORS

SJMS Associates  
Chartered Accountants

### LAWYER

Mr.A.Karunathilake  
Attorney-at-Law & NP