

# **THE FINANCE COMPANY PLC**



## **INTERIM FINANCIAL STATEMENTS**

*FOR THE PERIOD ENDED*

*31<sup>st</sup> of December 2018.*

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

	For the 3 Months Ended			For the 9 Months Ended		
	2018	2017	Variance	2018	2017	Variance
For the Period ended 31 <sup>st</sup> December	(Unaudited)	(Unaudited)	%	(Unaudited)	(Unaudited)	%
Gross Income	<b>414,881,310</b>	902,155,429	-54%	<b>2,054,664,019</b>	2,657,412,996	-23%
Interest Income	<b>565,520,664</b>	866,942,372	-35%	<b>2,446,440,613</b>	2,494,934,757	-2%
Interest Expenses	<b>(897,582,961)</b>	(1,115,697,462)	20%	<b>(3,290,903,027)</b>	(3,195,315,689)	-3%
<b>Net Interest Expenses</b>	<b>(332,062,297)</b>	(248,755,090)	-33%	<b>(844,462,414)</b>	(700,380,931)	-21%
Fees and Commission Income	<b>5,776,816</b>	22,330,258	-74%	<b>21,660,393</b>	67,839,098	-68%
Fees and Commission Expenses	<b>(127,557)</b>	(2,987,258)	96%	<b>(2,040,827)</b>	(7,779,883)	74%
<b>Net Fees and Commission Income</b>	<b>5,649,259</b>	19,343,000	-71%	<b>19,619,566</b>	60,059,215	-67%
Net Trading Income	<b>(730,143)</b>	771,803	-195%	<b>(8,471,124)</b>	23,663,944	-136%
Other Operating Income	<b>(155,686,027)</b>	12,110,997	-1385%	<b>(404,965,863)</b>	70,975,197	-671%
<b>Total Operating Loss</b>	<b>(482,829,208)</b>	(216,529,291)	-123%	<b>(1,238,279,835)</b>	(545,682,575)	-127%
Impairment Charge for Loans & Other losses	<b>(219,230,355)</b>	(117,723,129)	-86%	<b>(644,135,840)</b>	(354,048,547)	-82%
<b>Net Operating Expenses</b>	<b>(702,059,563)</b>	(334,252,420)	-110%	<b>(1,882,415,675)</b>	(899,731,123)	-109%
Personnel Expenses	<b>(126,352,216)</b>	(151,522,906)	17%	<b>(407,362,314)</b>	(448,428,836)	9%
Other Operating Expenses	<b>(110,984,800)</b>	(112,426,077)	1%	<b>(316,619,419)</b>	(335,944,039)	6%
<b>Total Operating Expenses</b>	<b>(237,337,016)</b>	(263,948,983)	10%	<b>(723,981,733)</b>	(784,372,876)	8%
<b>Operating Loss before Value Added Tax on Financial Services</b>	<b>(939,396,580)</b>	(598,201,403)	-57%	<b>(2,606,397,408)</b>	(1,684,103,998)	-55%
Value Added Tax on Financial Services	-	-		-	-	
<b>Loss before Income Tax</b>	<b>(939,396,580)</b>	(598,201,403)	-57%	<b>(2,606,397,408)</b>	(1,684,103,998)	-55%
Income Taxation	-	-		-	-	
<b>Loss for the Period</b>	<b>(939,396,580)</b>	(598,201,403)	-57%	<b>(2,606,397,408)</b>	(1,684,103,998)	-55%
<b>Other Comprehensive Income</b>						
Revaluation on Land and Buildings	-	-		-	-	
Actuarial Gains on Retirement Benefit Obligations	-	-		-	-	
Net Gain/ (Loss) on Re-measuring Available-for-Sale Financial Assets	-	-		-	-	
<b>Other Comprehensive Income for the Period Net of Taxes</b>	-	-		-	-	
<b>Total Comprehensive Loss for the Period</b>	<b>(939,396,580)</b>	(598,201,403)	-57%	<b>(2,606,397,408)</b>	(1,684,103,998)	-55%
Basic Loss per Share	<b>(5.86)</b>	(3.73)		<b>(10.39)</b>	(10.50)	
Dividend per Share	-	-		-	-	

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

As at	31.12.2018 (Unaudited)	31.03.2018 (Audited)	Variance %
<b>ASSETS</b>			
Cash and Cash Equivalents	251,164,510	480,200,644	-48%
Financial Investment - Held for Trading	41,358,849	72,861,416	-43%
Loans and Receivables - Hire Purchases	2,896,166,635	4,377,538,417	-34%
Loans and Receivables - Leases	414,147,732	634,954,850	-35%
Loans and Receivables - Others	2,468,013,601	4,136,745,099	-40%
Financial Investment - Loans and Receivables	232,607,567	226,694,903	0%
Financial Investment - Held to Maturity	665,299,208	4,838,223,624	-86%
Financial Investment - Available-for-Sale	182,101,578	1,391,269,342	-87%
Investments in Real Estate	1,217,095,288	1,299,653,826	-6%
Other Assets	263,086,588	254,647,934	3%
Investment Properties	1,843,369,585	1,861,369,585	-1%
Property, Plant and Equipment	3,953,322,476	3,988,242,921	-1%
<b>Total Assets</b>	<b>14,427,733,617</b>	<b>23,562,402,560</b>	<b>-32%</b>
<b>LIABILITIES</b>			
Financial Liabilities due to Customers	27,875,008,632	30,408,151,870	8%
Interest bearing Borrowings	2,245,541,651	5,124,570,818	56%
Deferred Revenue	426,246,891	1,544,493,370	72%
Other Payables	964,969,636	961,690,180	0%
Current Tax Liabilities	-	-	
<b>Total Liabilities</b>	<b>31,511,766,810</b>	<b>38,038,906,238</b>	<b>17%</b>
<b>SHARE HOLDERS' FUNDS</b>			
Stated Capital	4,010,180,756	4,010,180,756	0%
Statutory Reserve Fund	659,910,000	659,910,000	0%
Other Reserves	3,149,186,682	3,149,186,682	0%
Accumulated Loss	(24,903,310,630)	(22,295,781,116)	-12%
<b>Total Shareholders' funds</b>	<b>(17,084,033,193)</b>	<b>(14,476,503,678)</b>	<b>-18%</b>
<b>Total Liabilities and Shareholders' funds</b>	<b>14,427,733,617</b>	<b>23,562,402,560</b>	<b>39%</b>
Net Asset Value per Share (Rs.)	(106.50)	(90.24)	
Commitments and Contingencies	26,750,000	31,500,000	

The information contained in these statements have been extracted from the unaudited Financial Statements unless indicated as "Audited"

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

-signed-

**Thushara Perera**

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

13<sup>th</sup> February 2019

Colombo

-signed-

**Nimal J.B.Mamaduwa**

Executive Director/CEO

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

Period Ended 31 <sup>st</sup> December	Stated Capital	Statutory Reserve Fund	Other Reserves		Retained Earnings		Total
			Revaluation Reserve	Available for Sale Reserve	General Reserve		
<b>Balance as at 01<sup>st</sup> April 2017</b>	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	-	-	-	-	-	(1,684,103,998)	(1,684,103,998)
<b>Balance as at 31<sup>st</sup> December 2017</b>	4,010,180,756	659,910,000	1,314,602,933	117,360,586	4,812,195	(22,195,990,629)	(16,089,124,159)
<b>Balance as at 01<sup>st</sup> April 2018</b>	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)
Adjustment to Impairment of Real Estate	-	-	-	-	-	(1,132,107)	(1,132,107)
Total Comprehensive							
Loss for the Period	-	-	-	-	-	(2,606,397,408)	(2,606,397,408)
<b>Balance as at 31<sup>st</sup> December 2018</b>	4,010,180,756	659,910,000	3,030,819,861	113,554,626	4,812,195	(24,903,310,630)	(17,084,033,193)

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

For the Period Ended	31.12.2018	31.12.2017
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<b>Cash Flows from/ (used in) Operating Activities</b>		
Loss for the Period	(2,606,397,408)	(1,684,103,998)
<b>Adjustments for:</b>		
Non Cash Items included in Loss Before Tax	(103,683,022)	309,713,179
Changes in Operating Assets	2,833,559,461	(486,273,648)
Changes in Operating Liabilities	(2,530,317,414)	2,119,662,450
Dividends Received	(8,756,271)	(9,215,332)
<b>Net Cash Flows from/(used in) Operating Activities</b>	<b>(2,415,594,654)</b>	<b>249,782,651</b>
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<b>Cash Flows from/ (used in) Investing Activities</b>		
Acquisition of Property, Plant and Equipment	(171,927)	(7,547,169)
Proceeds from Sale of Property, Plant and Equipment	89,334	7,335,957
Proceeds from / (Invested in) Fin.Investments - Loans & Receivable	(5,912,664)	(103,967,231)
Interest Received from Financial Investment - Held to Maturity	4,405,305,584	398,506,688
Proceeds from / (Investment in) Financial Investment - Available-for-Sale	1,209,167,764	(248,993,289)
Dividends Received	8,756,271	9,215,332
<b>Net Cash Flows from Investing Activities</b>	<b>5,617,234,364</b>	<b>54,550,289</b>
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<b>Cash Flows from/ (used in) Financing Activities</b>		
Settlement of Long Term Borrowings	(3,778,495,498)	(205,526,818)
Proceeds from Short Term Borrowings	-	-
Settlement of Short Term Borrowings	(454,670)	(6,465,239)
<b>Net Cash Flows (used in)/ from Financing Activities</b>	<b>(3,778,950,168)</b>	<b>(211,992,057)</b>
<b>Net (Decrease)/ Increase in Cash and Cash Equivalents</b>	<b>(577,310,458)</b>	<b>92,340,883</b>
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Cash and Cash Equivalents and Bank Overdrafts at the Beginning of the Year	225,638,679	83,324,931
<b>Cash and Cash Equivalents and Bank Overdrafts at the End of the Year</b>	<b>(351,671,779)</b>	<b>175,665,814</b>

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

Period Ended 31<sup>st</sup> December

**Segment Reporting**

	Financial		Real Estate		Investment Properties		Treasury		Investment in Shares		Total	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017
<u>Segment Income</u>												
Interest Income	2,140,284,148	2,079,396,098	-	-	-	-	306,156,465	415,538,659	-	-	2,446,440,613	2,494,934,757
Real Estate Income	-	-	9,098,319	45,725,958	-	-	-	-	-	-	9,098,319	45,725,958
Fees and Commission Income	21,660,393	67,839,098	-	-	-	-	-	-	-	-	21,660,393	67,839,098
Income from Held-for-Trading Instruments	-	-	-	-	-	-	-	-	(8,471,124)	23,663,944	(8,471,124)	23,663,944
Dividend Income from Available for Sale Investments	-	-	-	-	-	-	-	-	7,147,200	5,956,000	7,147,200	5,956,000
Change in Fair Value of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Recovery of Loans Written Off	6,392,695	3,072,169	-	-	-	-	-	-	-	-	6,392,695	3,072,169
Rent Income	8,920,140	7,984,212	-	-	12,508,630	4,960,000	-	-	-	-	21,428,770	12,944,212
Total Segment Income	2,177,257,376	2,158,291,577	9,098,319	45,725,958	12,508,630	4,960,000	306,156,465	415,538,659	(1,323,924)	29,619,944	2,503,696,865	2,654,136,138
<u>Non Segment Income</u>												
Gain on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	-	52,483	6,331,616
Other Income	-	-	-	-	-	-	-	-	-	-	(449,085,329)	(3,054,758)
Total Non Segment Income	-	-	-	-	-	-	-	-	-	-	(449,032,846)	3,276,858
Total Gross Income	2,177,257,376	2,158,291,577	9,098,319	45,725,958	12,508,630	4,960,000	306,156,465	415,538,659	(1,323,924)	29,619,944	2,054,664,019	2,657,412,996
<u>Segment Expense</u>												
Fees and Commission Expenses	(2,040,827)	(7,779,883)	-	-	-	-	-	-	-	-	(2,040,827)	(7,779,883)
Impairment for Loans & Receivables	(644,135,840)	(348,158,111)	-	-	-	-	-	-	-	-	(644,135,840)	(348,158,111)
Other Operating Exp.	-	-	-	-	-	-	-	-	-	-	-	-
Total Segment Expenses	(646,176,667)	(355,937,994)	-	-	-	-	-	-	-	-	(646,176,667)	(355,937,994)
<u>Non Segment Expenses</u>												
Impairment Charge of Other Receivables	-	-	-	-	-	-	-	-	-	-	-	(5,890,436)
Impairment Reversal of Property, Plant & Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-	-	-	-	(3,290,903,027)	(3,195,315,689)
Personnel Expenses	-	-	-	-	-	-	-	-	-	-	(407,362,314)	(448,428,836)
Other Operating Expenses	-	-	-	-	-	-	-	-	-	-	(316,619,419)	(335,944,039)
Total Non Segment Expenses	-	-	-	-	-	-	-	-	-	-	(4,014,884,760)	(3,985,579,000)
Total Gross Expenses	(646,176,667)	(355,937,994)	-	-	-	-	-	-	-	-	(4,661,061,427)	(4,341,516,994)
Profit / (Loss) for the Period	1,531,080,709	1,802,353,583	9,098,319	45,725,958	12,508,630	4,960,000	306,156,465	415,538,659	(1,323,924)	29,619,944	(2,606,397,408)	(1,684,103,998)
<u>As at</u>												
	31.12.2018	31.03.2018	31.12.2018	31.03.2018	31.12.2018	31.03.2018	31.12.2018	31.03.2018	31.12.2018	31.03.2018	31.12.2018	31.03.2018
Segment Assets	5,778,327,969	9,149,238,365	1,217,095,288	1,299,653,826	1,843,369,585	1,861,369,585	1,203,495,441	6,808,711,091	169,036,271	200,538,838	10,211,324,553	19,319,511,705
Non-Segment Assets	-	-	-	-	-	-	-	-	-	-	4,216,409,064	4,242,890,855
Total Assets	5,778,327,969	9,149,238,365	1,217,095,288	1,299,653,826	1,843,369,585	1,861,369,585	1,203,495,441	6,808,711,091	169,036,271	200,538,838	14,427,733,617	23,562,402,560
Segment Liability	3,615,320	25,503,867	123,426,244	129,369,070	-	-	2,671,788,541	6,669,064,188	-	-	2,798,830,105	6,823,937,125
Non-Segment Liability	-	-	-	-	-	-	-	-	-	-	28,712,936,705	31,214,969,113
Total Liability	3,615,320	25,503,867	123,426,244	129,369,070	-	-	2,671,788,541	6,669,064,188	-	-	31,511,766,810	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.
- 5 The Commitments and Contingencies as at 31<sup>st</sup> December 2018 was Rs. 26.75 Mn and as at 31<sup>st</sup> March 2018 was Rs. 31.5 Mn
- 6 Stated capital is represented by number of shares in issue as follows.

	<b>31-12-2018</b>	<b>31-12-2017</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>31-12-2018</b>	<b>31-12-2017</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>

- 7 Market Value of Shares during the Quarter Ended

		<b>31-12-2018</b>		<b>31-12-2017</b>	
		<b>Voting Ordinary Shares</b>	<b>Non Voting Ordinary Shares</b>	<b>Voting Ordinary Shares</b>	<b>Non Voting Ordinary Shares</b>
Highest traded price	Rs.	2.60	1.40	7.60	3.10
Lowest traded price	Rs.	2.00	0.90	4.60	2.00
Last traded price	Rs.	2.00	1.10	5.20	2.20

8.1 Major Shareholders - Voting Ordinary Shares - as at 31<sup>st</sup> December 2018

	Name of the Shareholder	No. of Shares	% on Total Voting Ordinary Shares
1	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	5,977,484	9.89%
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	SEYLAN BANK PLC/KARAGODA LOKU GAMAGE UDAYANANDA	2,497,922	4.13%
8	PEOPLES BANK	2,080,400	3.44%
9	CEYLINCO GENERAL INSURANCE LIMITED	1,875,000	3.10%
10	MR. M.M.C.J. FERNANDOPULLE	925,000	1.53%
11	SEYLAN BANK PLC. - A/C NO. 3	893,003	1.48%
12	MR. N. PERERA	889,270	1.47%
13	MR J.L.B. KOTELAWALA	526,427	0.87%
14	MRS. R.A.D.R.P. KUMARI	485,223	0.80%
15	MR. R.A.D.S.P. RANDENIYA	461,016	0.76%
16	MR. G.S. PADUMADASA	451,410	0.75%
17	MISS R.H. MALLIKA	275,094	0.46%
18	MR. K.L.C. DEEPAL	260,598	0.43%
19	MR. Y.J.S. PERERA	230,945	0.38%
20	MR. A.P. LEKAMGE	200,000	0.33%
	<b>Total</b>	<b>45,528,293</b>	<b>75.33%</b>



**8.2 Major Shareholders - Non Voting Ordinary Shares - as at 31<sup>st</sup> December 2018**

	<b>Name of the Shareholder</b>	<b>No. of Shares</b>	<b>% on Total Non-Voting Ordinary Shares</b>
1	PEOPLES LEASING & FINANCE PLC/MR.J.A.K.S.PRABHA	2,193,328	2.19%
2	BANK OF CEYLON A/C CEYBANK UNIT TRUST	1,494,345	1.49%
3	THE BISHOP OF GALLE	1,347,535	1.35%
4	MRS. R.A.D.R.P. KUMARI	1,332,032	1.33%
5	MRS. A. KUNDANMAL	1,250,000	1.25%
6	MR. Y.L. FAROOK	1,059,900	1.06%
7	MRS. P.S.A.V. PERERA	945,200	0.95%
8	MR. Y.J.S. PERERA	753,698	0.75%
9	MR. M. GUNADASA	718,545	0.72%
10	MR. I.H. JAFFERJEE	645,400	0.65%
11	ANDARADENIYA ESTATE PRIVATE LIMITED	645,182	0.65%
12	MR. M. DE SARAM	638,392	0.64%
13	MR. W.N.K. WADUGE	617,600	0.62%
14	MR. D. RAJESWARAN	598,800	0.60%
15	MR. S. RANAWEERA	579,800	0.58%
16	MR. K.K.D. SENANAYAKE	555,404	0.56%
17	MR. G.S. PADUMADASA	541,020	0.54%
18	MR. C. SILUVAITHASAN	537,500	0.54%
19	MR. A. GALLAGE	523,000	0.52%
20	MR. R.E. RAMBUKWELLA	514,227	0.51%
	<b>Total</b>	<b>17,490,908</b>	<b>17.50%</b>

### 8.3 Directors Shareholding as at 31<sup>st</sup> December 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
8.4	Public Holding %	73.09%	100.00%
	No of Shareholders	9,585	5,464

The Float adjusted market capitalization as at 31<sup>st</sup> December 2018 is Rs. 194,735,037.94

The Float adjusted market capitalization of the Company falls under Option 5 of Rule 7.13.1 (a), of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option

## **CORPORATE INFORMATION**

### **NAME OF COMPANY**

The Finance Company PLC

### **REGISTERED OFFICE**

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

### **COMPANY REGISTRATION NUMBER PQ - 1**

### **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

### **HEAD OFFICE**

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

### **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

### **BANKERS**

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

### **COMPANY SECRETARY**

Ms. S.Naguruge

### **LAWYER**

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

### **AUDITORS**

Bakertilly Edirisinghe and Company  
Chartered Accountants