

THE FINANCE COMPANY PLC



INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

31st of March 2019

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

	For the 3 Months Ended			For the Year Ended		
	2019 (Unaudited)	2018 (Unaudited)	Variance %	2019 (Unaudited)	2018 (Audited)	Variance %
For the Period ended 31 st March						
Gross Income	(580,906,253)	906,460,598	-164%	1,473,757,766	3,563,873,594	-59%
Interest Income	260,536,404	852,492,199	-69%	2,238,058,429	3,347,426,956	-33%
Interest Expenses	(808,590,976)	(1,112,765,350)	27%	(4,099,494,003)	(4,308,081,039)	5%
Net Interest Expenses	(548,054,572)	(260,273,152)	-111%	(1,861,435,574)	(960,654,083)	-94%
Fees and Commission Income	4,069,718	12,942,410	-69%	25,730,111	80,781,507	-68%
Fees and Commission Expenses	(61,948)	(1,840,353)	97%	(2,102,775)	(9,620,236)	78%
Net Fees and Commission Income	4,007,770	11,102,057	-64%	23,627,336	71,161,272	-67%
Net Trading Income	(6,990,976)	(694,083)	-907%	(15,462,100)	22,969,861	-167%
Other Operating Income	(838,521,399)	41,720,073	-2110%	(774,568,674)	112,695,270	-787%
Total Operating Loss	(1,389,559,177)	(208,145,105)	-568%	(2,627,839,012)	(753,827,681)	-249%
Impairment(Charge)/Reversal for Loans & Other losses	(453,832,686)	370,794,685	-222%	(1,097,968,526)	16,746,138	-6657%
Net Operating Expenses	(1,843,391,863)	162,649,579	-1233%	(3,725,807,538)	(737,081,543)	-405%
Personnel Expenses	(121,213,503)	(164,738,414)	26%	(528,575,818)	(613,167,251)	14%
Other Operating Expenses	24,639,423	(107,762,891)	123%	(291,979,996)	(443,706,931)	34%
Total Operating Expenses	(96,574,080)	(272,501,306)	65%	(820,555,813)	(1,056,874,181)	22%
Operating Loss before Value Added Tax on Financial Services	(1,939,965,944)	(109,851,726)	-1666%	(4,546,363,352)	(1,793,955,724)	-153%
Value Added Tax on Financial Services	-	-		-	-	
Loss before Income Tax	(1,939,965,944)	(109,851,726)	-1666%	(4,546,363,352)	(1,793,955,724)	-153%
Income Taxation	-	-		-	-	
Loss for the Period	(1,939,965,944)	(109,851,726)	-1666%	(4,546,363,352)	(1,793,955,724)	-153%
Other Comprehensive Income						
Revaluation on Land and Buildings	-	1,716,216,928		-	1,716,216,928	
Actuarial Gains on Retirement Benefit Obligations	-	10,061,239		-	10,061,239	
Net Gain/ (Loss) on Re-measuring Available-for-Sale Financial Assets	-	(3,805,960)		-	(3,805,960)	
Other Comprehensive Income for the Period Net of Taxes	-	1,722,472,207		-	1,722,472,207	
Total Comprehensive Loss for the Period	(1,939,965,944)	1,612,620,481	220%	(4,546,363,352)	(71,483,517)	-6260%
Basic Loss per Share	(12.09)	(0.68)		(28.34)	(11.18)	
Dividend per Share	-	-		-	-	

Note- The above unaudited figures as of March 31, 2018 has been incorporated with subsequent audit entries as of 31, March 2018

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

As at	2019 (UnAudited)	2018 (Audited)	Variance %
ASSETS			
Cash and Cash Equivalents	1,096,652,575	480,200,644	128%
Financial Investment - Held for Trading	34,367,574	72,861,416	-53%
Loans and Receivables - Hire Purchases	2,299,780,547	4,377,538,417	-47%
Loans and Receivables - Leases	317,889,343	634,954,850	-50%
Loans and Receivables - Others	2,174,003,451	4,136,745,099	-47%
Financial Investment - Loans and Receivables	232,765,461	226,694,903	3%
Financial Investment - Held to Maturity	-	4,838,223,624	-100%
Financial Investment - Available-for-Sale	127,677,422	1,391,269,342	-91%
Investments in Real Estate	1,200,077,590	1,299,653,826	-8%
Other Assets	155,566,630	254,647,934	-39%
Investment Properties	860,329,585	1,861,369,585	-54%
Property, Plant and Equipment	3,941,623,640	3,988,242,921	-1%
Total Assets	12,440,733,817	23,562,402,560	-47%
LIABILITIES			
Financial Liabilities due to Customers	28,111,536,400	30,408,151,870	8%
Interest bearing Borrowings	2,030,584,984	5,124,570,818	60%
Deferred Revenue	439,989,130	1,544,493,370	72%
Other Payables	868,882,065	961,690,180	10%
Current Tax Liabilities	-	-	
Total Liabilities	31,450,992,579	38,038,906,238	17%
SHARE HOLDERS' FUNDS			
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	(26,829,536,200)	(22,295,781,116)	-20%
Total Shareholders' funds	(19,010,258,762)	(14,476,503,678)	-31%
Total Liabilities and Shareholders' funds	12,440,733,817	23,562,402,560	47%
Net Asset Value per Share (Rs.)	(118.50)	(90.24)	
Commitments and Contingencies	26,900,000	31,500,000	

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

CERTIFICATION:

We 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

-Signed-

Kosala Wimalasiri
Acting 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, by

-Signed-

B.A.W. Kumarasiri
Chairman
30th May 2019
Colombo

-Signed-

M K D W Amarasinghe
Non Executive Director

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

Period ended 31 st March	Stated Capital	Statutory Reserve Fund	Other Reserves			Retained Earnings	Total
			Revaluation Reserve	Available for Sale Reserve	General Reserve		
Balance as at 01st 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	-	-	-	-	-	(1,793,955,724)	(1,793,955,724)
							-
Other Comprehensive Income for the period	-	-	1,716,216,928	(3,805,960)	-	10,061,239	1,722,472,207
Balance as at 31st March 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)
Adjustment to Impairment of Real Estate	-	-	-	-	-	(1,132,107)	(1,132,107)
Total Comprehensive							
Loss for the Period	-	-	-	-	-	(4,546,363,352)	(4,546,363,352)
Adjustments to provision for bank loans	-	-	-	-	-	13,740,375	13,740,375
Balance as at 31st March 2019	4,010,180,756	659,910,000	3,030,819,861	113,554,626	4,812,195	(26,829,536,200)	(19,010,258,762)

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

For the Period Ended

31.03.2019

31.03.2018

Cash Flows from/ (used in) Operating Activities

Loss for the Period (4,546,363,352) (1,793,955,724)

Adjustments for:

Non Cash Items included in Loss Before Tax 2,455,314,176 (64,463,241)

Changes in Operating Assets 3,478,786,953 477,308,162

Changes in Operating Liabilities (2,390,028,428) 1,792,334,934

Dividends Received (8,756,570) (25,648,255)

Net Cash Flows from/(used in) Operating Activities (1,011,047,222) 385,575,875

Cash Flows from/ (used in) Investing Activities

Acquisition of Property, Plant and Equipment (769,022) (10,400,618)

Proceeds from Sale of Property, Plant and Equipment 89,334 7,795,957

Proceeds from Sale of Investment Properties 11,000,000 -

Proceeds from / (Invested in) Fin.Investments - Loans & Receivable (6,070,558) (215,936,391)

Interest Received from Financial Investment - Held to Maturity 4,475,047,104 398,506,688

Proceeds from / (Investment in) Financial Investment - Available-for-Sale 1,263,591,919 (193,592,169)

Dividends Received 8,756,570 25,648,255

Net Cash Flows from Investing Activities 5,751,645,349 12,021,723

Cash Flows from/ (used in) Financing Activities

Settlement of Long Term Borrowings (4,260,238,330) (261,175,259)

Settlement of Short Term Borrowings - 5,891,409

Net Cash Flows (used in)/ from Financing Activities (4,260,238,330) (255,283,849)

Net (Decrease)/ Increase in Cash and Cash Equivalents 480,359,797 142,313,748

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 705,998,476 225,638,679

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

Period Ended 31st March

Segment Reporting	Financial		Real Estate		Investment Properties		Treasury		Investment in Shares		Total	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Segment Income												
Interest Income	2,516,195,153	2,803,967,308	-	-	-	-	(278,136,723)	543,459,648	-	-	2,238,058,429	3,347,426,956
Real Estate Income	-	-	42,677,476	48,554,665	-	-	-	-	-	-	42,677,476	48,554,665
Fees and Commission Income	25,730,111	80,781,507	-	-	-	-	-	-	-	-	25,730,111	80,781,507
Income from Held-for-Trading Instruments	-	-	-	-	-	-	-	-	(15,462,100)	22,969,861	(15,462,100)	22,969,861
Dividend Income from Available for Sale Investments	-	-	-	-	-	-	-	-	7,147,200	21,356,000	7,147,200	21,356,000
Gain/ (Loss) on Disposal of Investment Properties	-	-	-	-	79,709,975	-	-	-	-	-	79,709,975	-
Change in Fair Value of Investment Property	-	-	-	-	(983,040,000)	-	-	-	-	-	(983,040,000)	-
Recovery of Loans Written Off	6,839,314	4,062,633	-	-	-	-	-	-	-	-	6,839,314	4,062,633
Rent Income	11,852,840	11,565,013	-	-	18,490,107	6,640,000	-	-	-	-	30,342,947	18,205,013
Total Segment Income	2,560,617,417	2,900,376,461	42,677,476	48,554,665	(884,839,918)	6,640,000	(278,136,723)	543,459,648	(8,314,900)	44,325,861	1,432,003,352	3,543,356,635
Non Segment Income												
Gain on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	-	52,483	6,529,361
Other Income	-	-	-	-	-	-	-	-	-	-	41,701,931	13,987,598
Total Non Segment Income	-	-	-	-	-	-	-	-	-	-	41,754,414	20,516,959
Total Gross Income	2,560,617,417	2,900,376,461	42,677,476	48,554,665	(884,839,918)	6,640,000	(278,136,723)	543,459,648	(8,314,900)	44,325,861	1,473,757,766	3,563,873,594
Segment Expense												
Fees and Commission Expenses	(2,102,775)	(9,620,236)	-	-	-	-	-	-	-	-	(2,102,775)	(9,620,236)
Impairment for Loans & Receivables	(975,947,379)	(479,338,994)	-	508,609,542	-	-	-	-	-	-	(975,947,379)	29,270,549
Other Operating Exp.	-	-	-	-	(6,769,466)	(1,685,812)	-	-	-	-	(6,769,466)	(1,685,812)
Total Segment Expenses	(978,050,154)	(488,959,229)	-	508,609,542	(6,769,466)	(1,685,812)	-	-	-	-	(984,819,620)	17,964,501
Non Segment Expenses												
Impairment Charge of Other Receivables	-	-	-	-	-	-	-	-	-	-	(122,021,147)	(12,524,411)
Impairment Reversal of Property, Plant & Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-	-	-	-	(4,099,494,003)	(4,308,081,039)
Personnel Expenses	-	-	-	-	-	-	-	-	-	-	(528,575,818)	(613,167,251)
Other Operating Expenses	-	-	-	-	-	-	-	-	-	-	(285,210,530)	(442,021,119)
Total Non Segment Expenses	-	-	-	-	-	-	-	-	-	-	(5,035,301,498)	(5,375,793,819)
Total Gross Expenses	(978,050,154)	(488,959,229)	-	508,609,542	(6,769,466)	(1,685,812)	-	-	-	-	(6,020,121,117)	(5,357,829,318)
Profit / (Loss) for the Period	1,582,567,263	2,411,417,232	42,677,476	557,164,207	(891,609,383)	4,954,188	(278,136,723)	543,459,648	(8,314,900)	44,325,861	(4,546,363,352)	(1,793,955,724)
As at												
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Segment Assets	4,791,673,341	9,149,238,365	1,200,077,590	1,299,653,826	860,329,585	1,861,369,585	1,329,418,036	6,808,711,091	162,044,996	200,538,838	8,343,543,547	19,319,511,705
Non-Segment Assets	-	-	-	-	-	-	-	-	-	-	4,097,190,270	4,242,890,855
Total Assets	4,791,673,341	9,149,238,365	1,200,077,590	1,299,653,826	860,329,585	1,861,369,585	1,329,418,036	6,808,711,091	162,044,996	200,538,838	12,440,733,817	23,562,402,560
Segment Liability	4,669,131	25,503,867	88,222,348	129,369,070	-	-	2,470,574,114	6,669,064,188	-	-	2,563,465,592	6,823,937,125
Non-Segment Liability	-	-	-	-	-	-	-	-	-	-	28,887,526,987	31,214,969,113
Total Liability	4,669,131	25,503,867	88,222,348	129,369,070	-	-	2,470,574,114	6,669,064,188	-	-	31,450,992,579	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 31st 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 The Commitments and Contingencies as at 31st March 2019 was Rs. 26.9 Mn and as at 31st March 2018 was Rs. 31.5 Mn
- 5 Stated capital is represented by number of shares in issue as follows.

	31-03-2019	31-03-2018
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>

	31-03-2019	31-03-2018
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>

6 Selected Performance Indicators

	31-03-2019	31-03-2018
<u>Capital Adequacy</u>		
Core Capital to Risk Weighted Asset Ratio (Minimum 6%)	**-174.05%	-106.75
Total Capital to Risk Weighted Asset Ratio (Minimum 10%)	**-174.05%	-106.99
Capital Funds to Total Deposit Liabilities Ratio (Minimum 10%)	-76.37%	-57.86%
<u>Liquidity (Rs. Mn)</u>		
Required Minimum Amount of Liquid Assets	2,806,693	3,112,908
Available Amount of Liquid Assets	10,704	156,768
Required Minimum Amount of Government Securities	2,730,677	2,663,691
Available Amount of Government Securities	-	55,000

Note: ** Calculated based on the new capital adequacy framework issued by Central Bank of Sri Lanka for licensed finance companies with effect from 1st July 2018.

7.1 Major Shareholders - Voting Ordinary Shares - as at 31st March 2019

	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	2,230,355	3.69%
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. G.S. PADUMADASA	480,110	0.79%
16	MR. R.A.D.S.P. RANDENIYA	412,009	0.68%
17	MISS R.H. MALLIKA	275,094	0.46%
18	CITIZENS DEVELOPMENT BUSINESS FINANCE PLC/A.P.T. AMARATUNGA	263,866	0.44%
19	MR. K.L.C. DEEPAL	236,474	0.39%
20	MR. Y.J.S. PERERA	230,945	0.38%
	Total	45,280,161	74.92%

7.2 Major Shareholders - Non Voting Ordinary Shares - as at 31st March 2019

	Name of the Shareholder	No. of Shares	% on Total Non-Voting Ordinary Shares
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. A. KUNDANMAL	1,250,000	1.25%
5	MRS. R.A.D.R.P. KUMARI	1,174,606	1.17%
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	555,416	0.56%
17	MR. G.S. PADUMADASA	551,100	0.55%
18	MR. C. SILUVAITHASAN	537,500	0.54%
19	MRS. M. ARUDPRAGASAM	536,930	0.54%
20	MR. A. GALLAGE	523,000	0.52%
	Total	17,366,277	17.38%

7.3 Market Value of Shares during the Quarter Ended

		31-03-2019		31-03-2018	
		Voting Ordinary Shares	Non Voting Ordinary Shares	Voting Ordinary Shares	Non Voting Ordinary Shares
Highest traded price	Rs.	2.20	1.20	5.70	2.60
Lowest traded price	Rs.	1.20	0.40	4.60	2.00
Last traded price	Rs.	1.30	0.50	4.60	2.20

Share transaction has been suspended by Colombo Stock Exchange (CSE) with effect from 18th February 2019 due to modified audit opinion in the independent auditor's report on the audited financial statements for the year ended 31st March 2018.

7.4 Directors Shareholding as at 31st March 2019

Name	Voting Ordinary Shares	Worker Shares	Non Voting Ordinary Shares
1 Mr B A W Kumarasiri	Nil	Nil	Nil
2 Mr M K D W Amarasinghe	Nil	Nil	Nil
3 Mr W G Karunadasa	4,620	Nil	Nil

	Voting Ordinary Shares	Non- Voting Ordinary Shares
7.5 Public Holding %	73.09%	100.00%
No of Shareholders	9610	5,494

The Float adjusted market capitalization as at 31st March 2019 is Rs. 105,077,774.65

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

- | | |
|---------------------------|----------------------------------|
| 1 Mr. B.A.W.Kumarasiri | Chairman/ Non Executive Director |
| 2 Dr.W.G.Karunadasa | Non Executive Director |
| 3 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