



Senkadagala Finance PLC

**Interim Financial Statement for the period ended
31st March 2017**



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

Senkadagala Finance PLC

Income statement

<i>For the three months period ended 31st March</i>	Company		Group	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Interest income	1,442,082,361	972,773,561	1,442,694,552	973,037,481
Interest expense	(712,436,975)	(467,180,526)	(711,396,614)	(466,253,729)
Net interest income	729,645,386	505,593,035	731,297,938	506,783,752
Fee and commission income	38,930,801	27,815,437	73,669,178	57,858,987
Fee and commission expense	(8,378,751)	(8,097,278)	(8,378,751)	(8,097,278)
Net fee and commission income	30,552,050	19,718,159	65,290,427	49,761,709
Net gain from trading	1,737,495	-	1,737,495	-
Net gain/ (loss) from financial instruments designated at fair value through profit or loss	(3,575,232)	(11,126,745)	(3,575,232)	(11,126,745)
Other operating income	78,650,965	71,641,469	41,015,942	12,193,469
Total operating income	837,010,664	585,825,918	835,766,570	557,612,185
Impairment (charge) / reversal on individual impairment	42,609,300	(132,143,491)	42,609,300	(132,143,491)
Impairment (charge) / reversal on collective impairment	(54,935,264)	134,904,917	(54,935,264)	134,904,917
Other loan losses reversal / (charge)	(23,681,931)	(22,239,884)	(23,681,931)	(22,239,884)
Net operating income	801,002,769	566,347,460	799,758,675	538,133,727
Personnel expenses	(138,700,694)	(107,639,370)	(139,538,711)	(108,318,290)
Depreciation of property, plant and equipment	(68,260,061)	(54,151,322)	(69,342,781)	(55,314,916)
Amortization of intangible assets	(3,732,937)	(3,500,878)	(3,732,937)	(3,500,878)
Other expenses	(216,732,279)	(114,991,191)	(218,619,303)	(116,251,615)
Operating profit before value added tax on financial services	373,576,798	286,064,699	368,524,943	254,748,028
Value added tax on financial services	(44,966,379)	(25,893,218)	(44,966,379)	(25,893,218)
Profit before income tax	328,610,419	260,171,481	323,558,564	228,854,810
Income tax expense	(19,032,462)	(45,161,113)	(31,266,054)	(63,117,270)
Profit for the period	309,577,957	215,010,368	292,292,510	165,737,540
Basic earnings per share	4.75	3.30	4.48	2.54

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

Statement of other comprehensive income

<i>For the three months period ended 31st March</i>	Company		Group	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Profit for the period	<u>309,577,957</u>	<u>215,010,368</u>	<u>292,292,510</u>	<u>165,737,540</u>
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Actuarial gain on defined benefit plans	(9,821,118)	11,511,611	(9,821,118)	11,511,611
Deferred tax effect on actuarial losses	1,283,739	(2,625,403)	1,283,739	(2,625,403)
Items that are or may be reclassified to profit or loss				
Net change in fair value of available for sale financial assets	(1,895,108)	3,774,586	(1,895,108)	3,774,586
	<u>(10,432,487)</u>	<u>12,660,794</u>	<u>(10,432,487)</u>	<u>12,660,794</u>
Other comprehensive income for the period net of tax	<u>(10,432,487)</u>	<u>12,660,794</u>	<u>(10,432,487)</u>	<u>12,660,794</u>
Total comprehensive income for the period net of tax	<u>299,145,470</u>	<u>227,671,162</u>	<u>281,860,023</u>	<u>178,398,334</u>

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

Income statement

<i>For the year ended 31st March</i>	Company		Group	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Interest income	4,896,767,218	3,746,373,737	4,898,601,251	3,747,454,172
Interest expense	(2,402,304,655)	(1,701,766,490)	(2,399,178,562)	(1,698,353,218)
Net interest income	2,494,462,563	2,044,607,247	2,499,422,689	2,049,100,954
Fee and commission income	155,896,240	85,404,531	275,843,665	184,184,219
Fee and commission expense	(23,359,325)	(35,764,382)	(23,359,325)	(35,764,382)
Net fee and commission income	132,536,915	49,640,149	252,484,340	148,419,837
Net gain from trading	5,924,388	5,254,914	5,924,388	5,254,914
Net gain/ (loss) from financial instruments designated at fair value through profit or loss	(6,016,377)	(12,579,446)	(6,016,377)	(12,579,446)
Other operating income	169,612,092	127,513,059	107,533,069	74,160,059
Total operating income	2,796,519,581	2,214,435,923	2,859,348,109	2,264,356,318
Impairment (charge) / reversal on individual impairment	43,125,021	(133,229,696)	43,125,021	(133,229,696)
Impairment (charge) / reversal on collective impairment	(68,697,646)	159,543,539	(68,697,646)	159,543,539
Other loan losses reversal / (charge)	32,889,638	(84,297,878)	32,889,638	(84,297,878)
Net operating income	2,803,836,594	2,156,451,888	2,866,665,122	2,206,372,283
Personnel expenses	(518,573,018)	(411,534,539)	(522,382,836)	(414,484,111)
Depreciation of property, plant and equipment	(251,232,461)	(206,935,307)	(255,996,502)	(210,743,092)
Amortization of intangible assets	(14,501,318)	(14,318,984)	(14,501,318)	(14,318,984)
Other expenses	(739,381,026)	(552,546,986)	(744,630,192)	(560,058,448)
Operating profit before value added tax on financial services	1,280,148,771	971,116,072	1,329,154,274	1,006,767,648
Value added tax on financial services	(161,160,247)	(88,566,497)	(161,160,247)	(88,566,497)
Profit before income tax	1,118,988,524	882,549,575	1,167,994,027	918,201,151
Income tax expense	(259,619,768)	(269,368,025)	(301,018,976)	(306,093,594)
Profit for the year	859,368,756	613,181,550	866,975,051	612,107,557
Basic earnings per share	13.17	9.40	13.29	9.38

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

Statement of other comprehensive income

<i>For the year ended 31st March</i>	Company		Group	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Profit for the year	<u>859,368,756</u>	<u>613,181,550</u>	<u>866,975,051</u>	<u>612,107,557</u>
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Actuarial gain on defined benefit plans	(9,821,118)	11,511,611	(9,821,118)	11,511,611
Deferred tax effect on actuarial losses	1,283,739	(2,625,403)	1,283,739	(2,625,403)
Items that are or may be reclassified to profit or loss				
Net change in fair value of available for sale financial assets	472,569	3,774,586	472,569	3,774,586
	<u>(8,064,810)</u>	<u>12,660,794</u>	<u>(8,064,810)</u>	<u>12,660,794</u>
Other comprehensive income for the year net of tax	<u>(8,064,810)</u>	<u>12,660,794</u>	<u>(8,064,810)</u>	<u>12,660,794</u>
Total comprehensive income for the year net of tax	<u>851,303,946</u>	<u>625,842,344</u>	<u>858,910,241</u>	<u>624,768,351</u>

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

Statement of financial position

<i>As at 31st March</i>	Company		Group	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Assets				
Cash and cash equivalents	604,224,835	457,725,318	628,091,477	486,127,789
Deposits with licensed commercial banks	2,424,623,839	1,234,016,418	2,424,623,839	1,234,016,418
Repurchase agreements	999,855,406	972,624,516	999,855,406	972,624,516
Financial assets held at fair value through profit or loss	80,032,551	82,237,016	80,032,551	82,237,016
Finance leases	20,014,694,207	13,975,552,388	20,014,694,207	13,975,552,388
Hire purchases	645,872,482	2,024,520,342	645,872,482	2,024,520,342
Other loans and receivables	3,097,021,373	908,067,048	3,097,021,373	908,067,048
Financial assets available for sale	79,586,092	16,400,083	79,586,092	16,400,083
Financial assets held to maturity	894,901,371	832,030,919	894,901,371	832,030,919
Investments in subsidiaries	320,000,000	320,000,000	-	-
Investment property	78,797,654	79,024,933	273,182,280	276,414,697
Property, plant and equipment	1,367,168,316	1,047,079,572	1,373,100,014	1,049,508,428
Intangible assets	70,924,853	68,558,945	135,745,067	133,379,159
Amounts due from related company	25,976	6,990,797	-	-
Current tax recoverable	64,822,514	20,044,397	46,932,599	-
Other assets	176,016,521	225,072,014	176,230,552	225,304,445
Total assets	30,918,567,990	22,269,944,706	30,869,869,310	22,216,183,248
Liabilities				
Due to banks	6,980,977,714	4,806,174,120	6,992,191,487	4,819,887,580
Deposits from customers	7,230,872,565	6,510,033,106	7,204,514,552	6,486,010,917
Other borrowings	6,762,753,851	3,885,511,133	6,762,753,851	3,885,511,133
Debt securities issued	3,683,045,483	1,800,155,870	3,683,045,483	1,800,155,870
Subordinated debentures	1,309,740,125	1,259,692,805	1,309,740,125	1,259,692,805
Deferred tax liabilities	610,296,796	434,104,236	613,553,772	436,663,479
Current tax liabilities	-	-	-	282,276
Other liabilities	603,617,339	521,473,770	612,057,116	528,167,030
Employee benefits	78,499,749	59,440,712	78,848,705	59,659,648
Total liabilities	27,259,803,622	19,276,585,752	27,256,705,091	19,276,030,738
Equity				
Stated capital	1,008,062,200	1,008,062,200	1,008,062,200	1,008,062,200
Statutory reserve fund	310,036,033	265,036,033	310,059,033	265,059,033
Available for sale reserve	4,247,155	3,774,586	4,247,155	3,774,586
Retained earnings	2,336,418,980	1,716,486,135	2,290,795,831	1,663,256,691
Total equity	3,658,764,368	2,993,358,954	3,613,164,219	2,940,152,510
Total liabilities and equity	30,918,567,990	22,269,944,706	30,869,869,310	22,216,183,248
Net assets per share	56.09	45.89	55.39	45.08

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

Sgd.

L Balasuriya
Chief Executive Officer/Managing Director

Colombo, Sri Lanka
23rd May 2017

Statement of changes in equity

	Stated capital	Statutory reserve fund	Available-for- sale reserve	Retained earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Company					
Balance as at 1st April 2015	1,008,062,200	230,036,033	-	1,295,748,642	2,533,846,875
Total comprehensive income for the year					
Profit for the year	-	-	-	613,181,550	613,181,550
Other comprehensive income, net of tax	-	-	3,774,586	8,886,208	12,660,794
Total comprehensive income for the year	-	-	3,774,586	622,067,758	625,842,344
<i>Transactions with equity holders recognized directly in equity</i>					
Transfers to reserves	-	35,000,000	-	(35,000,000)	-
Dividends paid	-	-	-	(166,330,265)	(166,330,265)
Balance as at 31st March 2016	<u>1,008,062,200</u>	<u>265,036,033</u>	<u>3,774,586</u>	<u>1,716,486,135</u>	<u>2,993,358,954</u>
Balance as at 1st April 2016	1,008,062,200	265,036,033	3,774,586	1,716,486,135	2,993,358,954
Total comprehensive income					
Profit for the year	-	-	-	859,368,756	859,368,756
Other comprehensive income, net of tax	-	-	472,569	(8,537,379)	(8,064,810)
Total comprehensive income for the year	-	-	4,247,155	850,831,377	851,303,946
<i>Transactions with equity holders recognized directly in equity</i>					
Transfers to reserves	-	45,000,000	-	(45,000,000)	-
Dividends paid	-	-	-	(185,898,532)	(185,898,532)
Balance as at 31st March 2017	<u>1,008,062,200</u>	<u>310,036,033</u>	<u>4,247,155</u>	<u>2,336,418,980</u>	<u>3,658,764,368</u>
Group					
Balance as at 1st April 2015	1,008,062,200	230,036,033	-	1,243,616,191	2,481,714,424
Total comprehensive income for the year					
Profit for the year	-	-	-	612,107,557	612,107,557
Other comprehensive income, net of tax	-	-	3,774,586	8,886,208	12,660,794
Total comprehensive income for the year	-	-	3,774,586	620,993,765	624,768,351
<i>Transactions with equity holders recognized directly in equity</i>					
Transfers to reserves	-	35,023,000	-	(35,023,000)	-
Dividends paid	-	-	-	(166,330,265)	(166,330,265)
Balance as at 31st March 2016	<u>1,008,062,200</u>	<u>265,059,033</u>	<u>3,774,586</u>	<u>1,663,256,691</u>	<u>2,940,152,510</u>
Balance as at 1st April 2016	1,008,062,200	265,059,033	3,774,586	1,663,256,691	2,940,152,510
Total comprehensive income for the year					
Profit for the year	-	-	-	866,975,051	866,975,051
Other comprehensive income, net of tax	-	-	472,569	(8,537,379)	(8,064,810)
Total comprehensive income for the year	-	-	4,247,155	858,437,672	858,910,241
<i>Transactions with equity holders recognized directly in equity</i>					
Transfers to reserves	-	45,000,000	-	(45,000,000)	-
Dividends paid	-	-	-	(185,898,532)	(185,898,532)
Balance as at 31st March 2017	<u>1,008,062,200</u>	<u>310,059,033</u>	<u>4,247,155</u>	<u>2,290,795,831</u>	<u>3,613,164,219</u>

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

Statement of cash flows

<i>For the year ended 31st March</i>	Company		Group	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Cash flows from operating activities				
Interest and commission receipts	5,010,382,683	3,807,690,899	5,132,164,141	3,907,551,022
Interest payments	(2,203,788,690)	(1,720,208,628)	(2,200,662,597)	(1,716,795,356)
Recoveries of bad debts	82,116,115	53,548,313	82,116,115	53,548,313
Other operating income	35,763,937	6,209,823	42,926,937	15,856,823
Operating expenditure	(937,077,078)	(809,977,045)	(942,326,244)	(817,488,508)
Cash payments to employees	(506,741,244)	(398,487,322)	(510,421,042)	(401,295,457)
Operating cash flow before changes in operating assets and liabilities (Note A)	1,480,655,723	938,776,040	1,603,797,310	1,041,376,837
Changes in operating assets and liabilities				
Net funds advanced to customers	(6,868,790,219)	(3,279,558,111)	(6,868,790,219)	(3,279,558,111)
Deposits from customers	720,839,459	(31,862,653)	718,503,635	(33,510,357)
Deposits with licensed commercial banks	(1,190,607,421)	(485,858,337)	(1,190,607,421)	(485,858,337)
Government and other securities	(90,101,342)	(160,601,588)	(90,101,342)	(160,601,588)
Other assets	56,020,314	(86,770,628)	49,073,893	(81,186,527)
Other liabilities	100,712,831	158,691,486	99,584,072	164,777,163
	<u>(7,271,926,378)</u>	<u>(3,885,959,831)</u>	<u>(7,282,337,382)</u>	<u>(3,875,937,757)</u>
Net cash flow from operating activities before taxation	(5,791,270,655)	(2,947,183,791)	(5,678,540,072)	(2,834,560,920)
Taxes paid	(146,374,272)	(61,095,475)	(186,637,229)	(91,600,503)
Gratuity paid	(2,593,855)	(2,786,388)	(2,593,855)	(2,786,388)
Net cash used in operating activities	(5,940,238,782)	(3,011,065,654)	(5,867,771,156)	(2,928,947,811)
Cash flows from investing activities				
Net investment in trading securities	(600,963)	1,967,651	(600,963)	1,967,651
Net investment in financial assets available for sale	(60,000,000)	(453,610)	(60,000,000)	(453,610)
Dividends received on investments	73,834,412	65,587,614	2,734,412	2,587,614
Purchase of property, plant and equipment	(623,999,946)	(350,552,958)	(630,403,716)	(365,655,727)
Purchase of intangible assets	(16,867,226)	(850,248)	(16,867,226)	(850,248)
Proceeds from sale of property, plant and equipment	112,919,850	114,065,719	115,919,852	114,065,719
Net cash used in investing activities	(514,713,873)	(170,235,832)	(589,217,641)	(248,338,601)
Cash flows from financing activities				
Securitized loans obtained	7,800,000,000	5,499,710,000	7,800,000,000	5,499,710,000
Repayment of loans	(2,890,027,680)	(1,684,778,958)	(2,890,027,680)	(1,684,778,958)
Debentures issued	3,000,000,000	-	3,000,000,000	-
Redemption of debenture	(1,134,246,500)	(480,000,000)	(1,134,246,500)	(480,000,000)
Dividends paid	(185,015,108)	(168,156,554)	(185,015,108)	(168,156,554)
Net cash generated from financing activities	6,590,710,712	3,166,774,488	6,590,710,712	3,166,774,488

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

Statement of cash flows (Continued)

<i>For the year ended 31st March</i>	Company		Group	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Net increase/ (decrease) in cash and cash equivalents	135,758,057	(14,526,998)	133,721,915	(10,511,924)
Cash and cash equivalents at the beginning of the year	298,162,589	312,689,587	312,851,600	323,363,524
Cash and cash equivalents at the end of the year	<u>433,920,646</u>	<u>298,162,589</u>	<u>446,573,515</u>	<u>312,851,600</u>
Reconciliation of cash and cash equivalents				
Cash and cash equivalents	604,224,835	457,725,318	628,091,477	486,127,789
Bank overdrafts	(170,304,189)	(159,562,729)	(181,517,962)	(173,276,189)
	<u>433,920,646</u>	<u>298,162,589</u>	<u>446,573,515</u>	<u>312,851,600</u>
Note A				
Reconciliation of operating profit				
Profit before income tax	1,118,988,524	882,549,575	1,167,994,027	918,201,151
Depreciation	265,733,779	221,254,291	270,497,820	225,062,076
Dividend receipts on investments	(73,834,412)	(65,587,614)	(2,734,412)	(2,587,614)
Profit on disposal of motor vehicles	(60,013,830)	(55,715,821)	(61,871,807)	(55,715,821)
Provision for defined benefit plan	11,831,774	13,047,217	11,961,794	13,188,653
Impairment charge/(reversal) of financial assets	25,572,626	(26,313,843)	25,572,626	(26,313,843)
Loan losses and write offs	36,050,084	4,747,210	36,050,084	4,747,210
Loss / (gain) on mark to market valuation of shares	6,016,377	12,579,446	6,016,377	12,579,446
(Gain)/ loss on sale of shares	(3,210,947)	(5,254,914)	(3,210,947)	(5,254,914)
Gains form available for sale financial assets	(2,713,441)	-	(2,713,441)	-
Interest accrued on loans and advances	(42,280,775)	(24,087,369)	(42,280,775)	(24,087,369)
Accrued interest on borrowings	131,332,532	21,445,834	131,332,532	21,445,834
Accrued interest on debentures	67,183,432	(39,887,972)	67,183,432	(39,887,972)
	<u>1,480,655,723</u>	<u>938,776,040</u>	<u>1,603,797,310</u>	<u>1,041,376,837</u>

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit

Segment report																	
As at 31st March	Leasing		Hire Purchases		Pawning advances		Other Advances		Investments		Insurance Brokering		Unallocated		Total		
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Revenue																	
<i>External customers</i>																	
Interest	3,709,229,130	2,477,197,273	415,132,202	965,767,017	76,331,490	27,742,139	382,061,283	102,024,552	294,571,207	174,723,191	-	-	-	-	4,877,325,312	3,747,454,172	
Trading	-	-	-	-	-	-	-	-	(91,989)	(7,324,532)	-	-	107,651	127,556	15,662	(7,196,976)	
Commissions	-	-	-	-	-	-	-	-	-	-	120,086,014	99,226,267	-	-	120,086,014	99,226,267	
Rent	-	-	-	-	-	-	-	-	18,228,000	11,349,478	-	-	-	-	18,228,000	11,349,478	
Dividends	-	-	-	-	-	-	-	-	2,734,412	2,587,614	-	-	-	-	2,734,412	2,587,614	
Other income	79,635,137	30,298,050	-	-	-	-	-	-	61,871,807	55,715,821	-	-	100,713,801	59,039,691	242,220,745	145,053,562	
Total revenue	3,788,864,267	2,507,495,323	415,132,202	965,767,017	76,331,490	27,742,139	382,061,283	102,024,552	377,313,437	237,051,572	120,086,014	99,226,267	100,821,452	59,167,247	5,260,610,145	3,998,474,117	
Profit before tax															1,167,994,027	918,201,151	
Taxation																(301,018,976)	(306,093,594)
Profit after tax																866,975,051	612,107,557
Segment Assets	20,014,694,207	13,975,552,388	645,872,482	2,024,520,342	548,402,600	180,227,250	2,548,618,773	727,839,798	5,995,890,082	4,331,972,402	29,715,037	30,841,958	1,086,676,129	945,229,110	30,869,869,310	22,216,183,248	
Segment Liabilities	20,072,628,064	12,380,775,715	2,199,285,512	4,768,481,405	404,388,624	136,977,006	2,024,082,546	503,746,941	1,998,929,429	1,170,443,797	14,989,030	36,015,181	542,401,889	279,590,694	27,256,705,094	19,276,030,738	
Information on Cash flows																	
Operating activities	(2,595,010,415)	(1,538,761,651)	347,842,890	552,904,503	(93,551,235)	(21,903,562)	(457,095,534)	(101,134,390)	(2,827,134,164)	(1,654,760,073)	62,177,944	69,051,745	(305,000,642)	(234,344,383)	(5,867,771,156)	(2,928,947,811)	
Investing activities	-	-	-	-	-	-	-	-	(57,866,549)	4,101,655	3,000,000	-	112,919,850	114,065,719	58,053,301	118,167,374	
Capital expenditure	(415,911,035)	(221,364,812)	(13,421,414)	(32,067,252)	(11,395,962)	(2,854,697)	(52,961,023)	(11,528,569)	(124,596,300)	(68,615,983)	(6,304,500)	-	(22,680,708)	(30,074,662)	(647,270,942)	(366,505,975)	
Financing activities	-	-	-	-	-	-	-	-	-	-	-	-	6,590,710,712	3,166,774,488	6,590,710,712	3,166,774,488	
Net cash flow	(3,010,921,450)	(1,760,126,463)	334,421,476	520,837,251	(104,947,197)	(24,758,259)	(510,056,557)	(112,662,959)	(3,009,597,013)	(1,719,274,401)	58,873,444	69,051,745	6,375,949,212	3,016,421,162	133,721,915	(10,511,924)	
Depreciation and amortisation	(213,893,693)	(172,959,839)	(6,902,331)	(25,055,232)	(5,860,687)	(2,230,472)	(27,236,663)	(9,007,662)	(227,279)	(303,038)	(1,734,639)	(1,079,280)	(14,642,528)	(14,426,552)	(270,497,820)	(225,062,076)	

Senkadagala Finance PLC

Selected Performance Indicators

<i>As at 31st March</i>	2017	2016	Minimum Requirement
Regulatory Capital Adequacy*			
Core Capital (Tier 1) Rs. '000	3,034,584	2,533,847	
Total Capital Base (Tier 2) Rs. '000	3,513,121	3,266,345	
Core Capital, as % of Risk Weighted Assets	11.78%	13.59%	5%
Total Capital, as % of Risk Weighted Assets	13.63%	17.52%	10%
Capital funds to Deposit Liabilities Ratio	50.60%	45.98%	
<i>*Computed as per the CBSL guidelines</i>			
Asset Quality (Quality of Loan Portfolio)			
Gross Non-Performing Accommodations Rs. '000	397,464	350,231	
Gross Non-Performing Accommodations Ratio, %	1.64%	2.02%	
Net Non-Performing Accommodations Ratio, %	0.29%	0.32%	
Profitability			
Interest Margin	10.16%	11.12%	
Return on Assets (before Tax)	4.81%	4.81%	
Return on Equity (after Tax)	25.84%	22.19%	
Regulatory Liquidity (Rs. '000)			
Required minimum amount of Liquid Assets*	1,426,290	918,946	10%
Available amount of Liquid Assets	4,208,837	2,888,265	
Required minimum amount of Government securities*	746,151	713,793	7.5%
Available amount of Government securities	1,711,086	824,951	
<i>*Computed as per the CBSL guidelines</i>			
Debt			
Debt-to-Equity ratio	5.12	3.93	
Interest cover	1.47	1.52	
Interest rate of comparable government securities			
6 month Treasury bill	10.62%	9.29%	
2 year Treasury bond	12.00%	11.75%	
3 year Treasury bond	12.10%	12.50%	
4 year Treasury bond	12.45%	12.60%	
5 year Treasury bond	12.60%	12.80%	
Memorandum information			
Number of employees	660	582	
Number of branches	49	39	
Number of service centers	41	41	
Number of pawning centers	18	13	

The above figures are provisional and subject to audit.

Notes to the Financial Statements

1 General

The interim financial statements of the Company have been prepared on the basis of the accounting policies and methods of computation applied in the year ended March 31, 2016 and are in accordance with Sri Lanka Accounting Standards (LKAS/SLFRS). The interim financial statements are prepared in compliance with Sri Lanka Accounting Standard (LKAS) 34 - Interim Financial Reporting.

- 2 There were no material changes in the composition of assets, liabilities, contingent liabilities and the use of funds raised through debentures during the quarter.
- 3 All known expenses have been provided for in these financial statements.
- 4 The Board of Directors has declared following Dividend payments,

Year	Dividend	Dividend per share Rs.	Total Amount paid Rs.	Paid Date
2015 / 2016	Third Interim	0.60	39,136,533	June 15, 2016.
2015 / 2016	Final Dividend	0.75	48,920,666	September 05, 2016.
2016 / 2017	First Interim	0.60	39,136,533	November 24, 2016.
2016 / 2017	Second Interim	0.90	58,704,800	January 26, 2017
2016 / 2017	Third Interim	0.60	39,136,533	April 07, 2017

5 Debenture Information

- 5.1 During the year, the company redeemed unlisted debentures to the value of Rs. 720 million and listed debentures to the value of Rs. 414.25 million. Further, the company issued Rs. 3 billion worth of unsecured, listed, rated, redeemable debentures in November 2016.

5.2 Utilization of funds raised via capital market Debenture Issue-November 2016

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

5.2 Information on listed debenture

Type of Debenture	Last traded Rs.	Annual effective	Current yield	Yield to maturity
2 year - 12.50 % payable Semi- Annually	98	12.89%	12.76%	6.84%
3 year - 6 months gross T-bill rate + 1.50 % payable Semi-annually	Not traded	12.49%	Not traded	Not traded
3 year - 13.25 % payable Semi- Annually	Not traded	13.69%	Not traded	Not traded
4 year - 6 months gross T-bill rate + 1.75 % payable Semi-annually	100	12.75%	12.28%	6.19%
4 year - 13.75 % payable Semi- Annually	Not traded	14.22%	Not traded	Not traded
4 year - 17.25% payable quarterly	Not traded	18.40%	Not traded	Not traded
4 year - 6 months gross T-bill rate +2.50% payable Semi-annually	Not traded	13.35%	Not traded	Not traded
5 year - 15.00% payable quarterly	Not traded	15.87%	Not traded	Not traded

Notes to the Financial Statements (contd.)

6 Share information

6.1 Directors' shareholdings

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

As at	31.03.2017
1. Dr. A. Balasuriya	3,747,127
2. Dr. A. Balasuriya & Mr. D. Balasuriya	3,858
3. Dr. A. Balasuriya & Mr. S. Balasuriya	3,857
4. Dr. M. Balasuriya	3,754,842
5. Mrs. L. Fernando	3,141,113
6. Mr. L. Balasuriya & Ms. A. S. Balasuriya	1,877,420
7. Mr. L. Balasuriya & Mr. S. K. Balasuriya	1,877,421
8. Mr. W. A. T. Fernando	Nil
9. Dr. P. Ramanujam	Nil
10. Mr. S. S. Kulatunga	Nil
11. Mr. S. D. Bandaranayake	Nil
12. Mr. D.T.P.Collure	Nil
13. Mr. W.M.R.S. Dias	Nil
14. Mrs. L. Fernando & Ms. S.A. Fernando	2,572
15. Mrs. L. Fernando & Mr. A. R.Fernando	2,571
16. Mrs. L. Fernando & Ms. A.L. Fernando	2,571
17. Mr. L. Balasuriya / The Trustee of the Capitalization Issue	15

6.2 Key Management Shareholdings

The number of shares held by the Key Management Personnel are as follows,

As at	31.03.2017
1. Mr. P.P.K. Ikiriwatta	15,280
2. Mr. J.K. Jayathilake	15,267

6.3 Stated Capital

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

As at	31.03.2017	31.03.2016
Ordinary shares	65,227,555	65,227,555

Notes to the Financial Statements (contd.)

6.4 The 20 largest shareholders of the Company as at March 31, 2017 were:

Shareholder	Number of Shares	%
1. E. W. Balasuriya & Co. (Pvt) Limited	36,697,014	56.26
2. Hallsville Trading Group Inc.	5,308,517	8.14
3. Dr. M. Balasuriya	3,754,842	5.76
4. Mr. R. Balasuriya	3,754,842	5.76
5. Dr. (Mrs.) G. Madan Mohan	3,754,841	5.76
6. Dr. A. Balasuriya	3,747,127	5.75
7. Mrs. L. Fernando	3,141,113	4.82
8. Mr. L. Balasuriya & Mr. S. K. Balasuriya	1,877,421	2.88
9. Mr. L. Balasuriya & Ms. A. S. Balasuriya	1,877,420	2.88
10. Mr. D. K. C. R. Fernando	606,014	0.93
11. Mrs. C. Fernando	172,888	0.27
12. Estate of the late Mr. D. G. K. Hewamallika	172,888	0.27
13. Mrs. S. Thaha	158,483	0.24
14. Mr. Ifthikar Mubarak Thaha	129,666	0.20
15. Mr. M. M. Ariyaratne	28,488	0.04
16. Mr. P. P. K. Ikiriwatte	15,280	0.02
17. Mr. J. K. Jayatileke	15,267	0.02
18. Dr. A. Balasuriya & Mr. D. Balasuriya	3,858	0.01
19. Dr. A. Balasuriya & Mr. S. Balasuriya	3,857	0.01
20. Mrs. L. Fernando & Ms. S.A. Fernando	2,572	0.00
	65,222,398	

6.5 The percentage of shares held by the public on March 31, 2017 was 21.60% (2016 - 21.60%) and is distributed among 9 Shareholders (2016 - 10 Shareholders).

6.6 *Rights issue - April 2017*

Utilization of funds raised via the Rights Issue as at 22nd May 2017

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

Details of capital adequacy of the company subsequent to the issue are as follows,

As at	30.04.2017	31.03.2017
Core Capital ratio	14.03%	11.78%
Total Capital ratio	15.88%	13.63%

Figures are provisional and subject to audit

Notes to the Financial Statements (contd.)

6.7 Information on Ratios and Share Prices

As at	31.03.2017	31.03.2016
Dividend per share (Rs.)	2.85	2.55
Net Assets per share (Rs.)	56.09	45.89
Market Prices		
- Highest price	Not traded	Not traded
- Lowest price	Not traded	Not traded
- Last traded price	Not traded	Not traded

7 Events after the Reporting period

- 7.1 The Board of Directors proposed to issue and list 7,247,506 voting shares at an issue price of Rs. 80/- per share by way of a rights issue. The resolution pertaining to the issue was duly adopted by the shareholders at the EGM held on 30th March 2017.

The rights were fully subscribed, 7,247,506 voting shares were listed in the Colombo Stock Exchange on 2nd May 2017

Details of the Stated Capital of the entity subsequent to the issue is as follows,

	No of shares	Stated capital
Before right issue	65,227,555	1,008,062,200
After right issue	72,475,061	1,587,862,680

- 7.2 There have been no other events subsequent to the Balance Sheet date, which require disclosure in the Interim Financial Statement.

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