



# INTERIM FINANCIAL STATEMENTS

For the year ended

31st March 2020

LOLC FINANCE PLC

# LOLC Finance PLC

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As at 31st March 2020

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# LOLC Finance PLC

## STATEMENT OF FINANCIAL POSITION

As at 31st March 2020

	As at 31.03.2020 (Audited) Rs. '000	As at 31.03.2019 (Audited) Rs. '000
<b>ASSETS</b>		
Cash and bank balances	8,333,561	17,535,538
Deposits with banks and other financial institutions	17,282,277	21,637,176
Investment in government securities and others	10,790,843	18,150,996
Derivative assets	273,195	568,530
Financial assets at amortized cost		
Rentals receivable on leased assets	43,842,381	42,941,837
Loans and advances	87,112,949	88,995,842
Factoring receivable	2,998,752	4,253,668
Margin trading Receivable	1,768	-
Investment securities	2,958,199	2,809,229
Other receivables	914,073	937,941
Amount due from related companies	63,233	5,569
Inventories	2,023	4,811
Investment properties	15,963,886	11,635,211
Property plant and equipment	1,351,207	1,559,025
<b>Total assets</b>	<b>191,888,346</b>	<b>211,035,373</b>
<b>LIABILITIES</b>		
Bank overdraft	1,283,201	2,242,496
Interest bearing borrowings	51,558,593	61,086,897
Deposits from customers	99,261,181	115,365,141
Trade payables	1,048,944	1,161,094
Accruals and other payables	3,331,643	3,072,454
Derivative liabilities	114,349	661,931
Amount due to related companies	854,198	817,644
Current tax payable	960,255	1,501,293
Deferred tax liability	1,888,186	2,272,773
Defined benefit obligations	298,142	87,061
<b>Total liabilities</b>	<b>160,598,693</b>	<b>188,268,784</b>
<b>EQUITY</b>		
Stated capital	12,762,500	7,880,000
Statutory reserve	3,378,282	3,189,298
Revaluation reserve	241,528	241,528
Cash flow hedge reserve	(77,310)	(39,059)
Fair Value Reserve	11,957	(21,756)
Retained earnings	14,972,696	11,516,579
<b>Total equity</b>	<b>31,289,653</b>	<b>22,766,588</b>
<b>Total liabilities and equity</b>	<b>191,888,346</b>	<b>211,035,373</b>
Commitments and Contingencies	31,486,783	32,255,970
Net asset value per share (Rs.)	5.96	5.42

### Certification :

These financial statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

*Sgd.*

.....  
(Mr.) Buddhika Weeratunga  
Head of Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements.  
Signed for and on behalf of the Board

*Sgd.*

.....  
(Mr.) Conrad Dias - Director/CEO

*Sgd.*

.....  
(Mr. )Ashan Nissanka -Director

29<sup>th</sup> June 2020  
Rajagiriya (Greater Colombo)

# LOLC Finance PLC

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March 2020

	For the period ended			For the quarter ended		
	31.03.2020 (Audited) Rs '000	31.03.2019 (Audited) Rs '000	Variance %	31.03.2020 (Audited) Rs '000	31.03.2019 (Audited) Rs '000	Variance %
Interest income	38,181,098	42,663,318	-11%	9,459,180	12,270,954	-23%
Interest expense	(19,271,364)	(20,891,754)	8%	(4,524,487)	(5,213,319)	13%
<b>Net interest income</b>	<b>18,909,733</b>	<b>21,771,563</b>	<b>-13%</b>	<b>4,934,693</b>	<b>7,057,635</b>	<b>-30%</b>
Net other operating income	4,820,439	4,012,257	20%	3,507,784	870,974	303%
<b>Total income</b>	<b>23,730,172</b>	<b>25,783,821</b>	<b>-8%</b>	<b>8,442,476</b>	<b>7,928,609</b>	<b>6%</b>
<b>Operating expenses</b>						
Direct expenses excluding interest cost	(1,279,608)	(1,522,224)	16%	(452,496)	(206,205)	-119%
Allowance for impairment & write-offs	(7,843,541)	(5,700,505)	-38%	(2,313,804)	(197,774)	-1070%
Personnel expenses	(2,971,773)	(3,165,698)	6%	(862,042)	(593,858)	-45%
Depreciation	(201,533)	(163,498)	-23%	(51,377)	(43,012)	-19%
General & administration expenses	(6,661,847)	(6,734,428)	1%	(1,950,345)	(1,858,448)	-5%
<b>Profit from operations</b>	<b>4,771,869</b>	<b>8,497,467</b>	<b>-44%</b>	<b>2,812,412</b>	<b>5,029,312</b>	<b>-44%</b>
Value added tax on financial services	(892,210)	(1,389,654)	36%	(266,781)	(777,938)	66%
<b>Profit before income tax expense</b>	<b>3,879,659</b>	<b>7,107,812</b>	<b>-45%</b>	<b>2,545,631</b>	<b>4,251,374</b>	<b>-40%</b>
Income tax expense	(99,975)	(1,144,944)	91%	273,553	(306,585)	189%
<b>Profit for the period</b>	<b>3,779,684</b>	<b>5,962,868</b>	<b>-37%</b>	<b>2,819,184</b>	<b>3,944,789</b>	<b>-29%</b>
<b>Other comprehensive income</b>						
<b>Items that will never be reclassified to profit or loss</b>						
Remeasurements of defined benefit liability - gain / (loss)	(185,272)	(4,097)	4422%	-	-	-
Related tax	50,690	1,147	4318%	50,690	-	-
	(134,583)	(2,950)	4462%	50,690	-	-
Movement in fair value - equity investments at FVOCI	12,254	22,480	-45%	-	-	-
Related tax	(1,225)	(2,248)		-	-	
	11,029	20,232	-45%	-	-	-
<b>Total of items that will never be reclassified to profit or loss</b>	<b>(123,554)</b>	<b>17,282</b>	<b>-815%</b>	<b>50,690</b>	<b>-</b>	<b>-</b>
<b>Items that are or may be reclassified to profit or loss</b>						
Movement in fair value reserves	22,684	(34,822)	-165%	(9,522)	(34,822)	73%
Movement in hedge reserves	(53,125)	(45,453)	17%	(23,137)	(58,202)	-60%
Related tax	14,875	12,727	17%	14,875		
	(38,250)	(32,726)	17%	(8,262)	(58,202)	17%
<b>Total of items that are or may be reclassified to profit or loss</b>	<b>(15,566)</b>	<b>(67,548)</b>	<b>-77%</b>	<b>(17,784)</b>	<b>(36,921)</b>	<b>-52%</b>
<b>Total comprehensive income, net of tax</b>	<b>(139,120)</b>	<b>(50,266)</b>	<b>177%</b>	<b>32,905</b>	<b>(36,921)</b>	<b>-189%</b>
<b>Total comprehensive income for the period</b>	<b>3,640,564</b>	<b>5,912,602</b>	<b>-38%</b>	<b>2,852,089</b>	<b>3,907,868</b>	<b>-27%</b>
<b>Basic earnings per share (Rs.)</b>	<b>0.77</b>	<b>1.42</b>		<b>0.54</b>	<b>0.94</b>	

Figures in brackets indicate deductions.

## LOLC Finance PLC

### STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2020

	Stated Capital Rs '000	Statutory Reserve Rs '000	Revaluation Reserve Rs '000	Cash flow Hedge Reserve Rs '000	Fair Value Reserve Rs '000	Retained Earnings Rs '000	Total Equity Rs '000
<b>Balance as at 01 April 2018</b>	<b>7,880,000</b>	<b>1,996,724</b>	<b>241,528</b>	<b>(6,333)</b>	<b>(7,166)</b>	<b>6,749,235</b>	<b>16,853,987</b>
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	-	-	-	5,962,868	5,962,868
<i>Other comprehensive income, net of income tax</i>							
Remeasurements of defined benefit liability - gain / (loss)	-	-	-	-	-	(2,950)	(2,950)
Revaluation gain on fair value through OCI investments					20,232		20,232
Net fair value gains/(losses) on remeasuring financial assets measured at fair value through other comprehensive income		-		-	(34,822)		(34,822)
Net movement of cashflow hedges	-	-	-	(32,726)	-	-	(32,726)
<b>Total other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(32,726)</b>	<b>(14,590)</b>	<b>(2,950)</b>	<b>(50,266)</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(32,726)</b>	<b>(14,590)</b>	<b>5,959,918</b>	<b>5,912,602</b>
<b>Balance as at 31 March 2019</b>	<b>7,880,000</b>	<b>1,996,724</b>	<b>241,528</b>	<b>(39,059)</b>	<b>(21,756)</b>	<b>12,709,153</b>	<b>22,766,588</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0)</b>	<b>-</b>	<b>0</b>	<b>0</b>
<b>Transactions recorded directly in equity</b>							
Transfer to Statutory Reserve Fund	-	1,192,574	-	-	-	(1,192,574)	-
<b>Total transactions recorded directly in equity</b>	<b>-</b>	<b>1,192,574</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,192,574)</b>	<b>-</b>
<b>Balance as at 31 March 2019</b>	<b>7,880,000</b>	<b>3,189,298</b>	<b>241,528</b>	<b>(39,059)</b>	<b>(21,756)</b>	<b>11,516,579</b>	<b>22,766,588</b>
<b>Balance as at 01 April 2019</b>	<b>7,880,000</b>	<b>3,189,298</b>	<b>241,528</b>	<b>(39,059)</b>	<b>(21,756)</b>	<b>11,516,579</b>	<b>22,766,588</b>
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	-	-	-	3,779,684	3,779,684
<i>Other comprehensive income, net of income tax</i>							
Remeasurements of defined benefit liability - gain / (loss)	-	-	-	-	-	(134,583)	(134,583)
Revaluation gain on fair value through OCI investments	-	-	-	-	11,029	-	11,029
Net fair value gains/(losses) on remeasuring financial assets measured at fair value through other	-	-	-	-	22,684	-	22,684
Net movement of cashflow hedges	-	-	-	(38,250)	-	-	(38,250)
<b>Total other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(38,250)</b>	<b>33,713</b>	<b>(134,583)</b>	<b>(139,120)</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(38,250)</b>	<b>33,713</b>	<b>3,645,102</b>	<b>3,640,564</b>
<b>Transactions recorded directly in equity</b>							
Transfer to Statutory Reserve Fund	-	188,984	-	-	-	(188,984)	-
Shares issued during the year	4,882,500	-	-	-	-	-	4,882,500
<b>Total transactions recorded directly in equity</b>	<b>4,882,500</b>	<b>188,984</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(188,984)</b>	<b>4,882,500</b>
<b>Balance as at 31 March 2020</b>	<b>12,762,500</b>	<b>3,378,282</b>	<b>241,528</b>	<b>(77,310)</b>	<b>11,957</b>	<b>14,972,696</b>	<b>31,289,653</b>

# LOLC Finance PLC

## STATEMENT OF CASH FLOWS

For the year ended 31st March 2020

	2020 Rs '000	2019 Rs '000
<b>Cash flows from / (used in) operating activities</b>		
Profit before income tax expense	3,879,659	7,107,812
<b>Adjustments for:</b>		
Depreciation	201,533	163,498
(Profit) / loss on Sales of Investment property	(12,887)	(7,241)
Change in fair value of derivatives - forward contracts	91,666	106,834
Provision/(Reversla) for payables to clients	-	(37,368)
Provision for fall / (increase) in value of investments	(624,296)	(106,702)
Change in fair value of investment property	(2,569,499)	(2,094,584)
Impairment provision for the period	1,772,359	1,375,204
Provision for defined benefit plans	54,112	19,304
Investment income	(2,160,740)	(2,333,529)
Finance costs	19,271,364	20,891,754
<b>Operating profit / (loss) before working capital changes</b>	<b>19,903,271</b>	<b>25,084,981</b>
Change in other receivables	(87,120)	(28,590)
Change in Inventories	2,788	4,267
Change in Real estate Stocks	-	-
Change in trade and other payables	147,040	294,989
Change in amounts due to/ due from related parties	(21,110)	(651,264)
Change in lease receivables	(1,183,858)	107,450
Change in loans and advances	(647,785)	4,769,817
Change in factoring receivables	1,551,568	5,936,218
Change in margin trading advances	(1,768)	175,570
Change in fixed deposits from customers	(14,493,691)	5,421,967
Change in savings deposits from customers	(1,677,976)	132,196
<b>Cash generated from / (used in) operations</b>	<b>3,491,359</b>	<b>41,247,600</b>
Finance cost paid on deposits	(13,225,388)	(14,148,202)
Gratuity paid	(28,303)	(6,643)
Income tax paid	(961,261)	(435,575)
<b>Net cash from / (used in) operating activities</b>	<b>(10,723,592)</b>	<b>26,657,179</b>
<b>Cash flows from / (used in) investing activities</b>		
Acquisition of Property, Plant & Equipment & Investment property	(1,066,656)	(883,130)
Proceeds from disposal of PPE/ Investment properties	74,018	16,618
Investments in companies	(364,100)	-
Net proceeds from investments in term deposits	4,354,899	4,709,376
Net proceeds from investments in government securities	7,382,919	(7,314,050)
Net Proceeds from investments in Debenture	-	(308,151)
Net proceeds from Investments in unit trust	581,931	(239,913)
Interest received	2,160,740	2,333,529
<b>Net cash flows used in investing activities</b>	<b>13,123,750</b>	<b>(1,685,722)</b>
<b>Cash flows from / (used in) financing activities</b>		
Proceeds from issuance of new shares (Right issue)	4,882,500	-
Net proceeds from interest bearing loans & borrowings	(9,351,869)	(11,921,055)
Proceeds from issue of debentures	-	2,500,000
Lease rentals paid - principal	(202,741)	(269,944)
Finance cost paid on borrowings	(5,970,731)	(7,067,612)
Dividend Paid	-	-
<b>Net cash flows from / (used in) financing activities</b>	<b>(10,642,841)</b>	<b>(16,758,611)</b>
Net increase / (decrease) in cash and cash equivalents	(8,242,683)	8,212,846
Cash and cash equivalents at the beginning of the year	15,293,042	7,080,196
<b>Cash and cash equivalents at the end of the period</b>	<b>7,050,360</b>	<b>15,293,042</b>
<b>Analysis of cash and cash equivalents at the end of the period</b>		
Cash and bank balances	8,333,561	8,212,846
Bank overdraft	(1,283,201)	7,080,196
	<b>7,050,360</b>	<b>15,293,042</b>

# LOLC Finance PLC

## OPERATING SEGMENTS

For the year ended 31st March 2020

	Conventional Financial Services Rs '000	Alternative Financial Services Rs '000	Factoring Business Rs '000	Others/ Adjustments Rs '000	Total Rs '000
<b>For the year ended 31st March 2020</b>					
Total revenue	39,076,310	2,704,397	1,220,830	-	43,001,537
Inter-segmental revenue	-	-	-	-	-
<b>External revenue</b>	<b>39,076,310</b>	<b>2,704,397</b>	<b>1,220,830</b>	<b>-</b>	<b>43,001,537</b>
Net interest cost	(17,426,488)	(1,118,277)	(726,599)	-	(19,271,364)
<b>Profit before operating expenses</b>	<b>21,649,822</b>	<b>1,586,119</b>	<b>494,231</b>	<b>-</b>	<b>23,730,172</b>
Operating expenses	(10,315,283)	(799,479)	-	-	(11,114,762)
Allowance for impairment & write-offs	(6,292,313)	(347,880)	(1,203,348)	-	(7,843,541)
Value added tax on financial services	(784,973)	(107,237)	-	-	(892,210)
<b>Profit before income tax</b>	<b>4,257,253</b>	<b>331,523</b>	<b>(709,117)</b>	<b>-</b>	<b>3,879,659</b>
<b>For the year ended 31st March 2019</b>					
Total revenue	41,894,224	2,792,224	1,989,126	-	46,675,575
Inter-segmental revenue	-	-	-	-	-
<b>External revenue</b>	<b>41,894,224</b>	<b>2,792,224</b>	<b>1,989,126</b>	<b>-</b>	<b>46,675,575</b>
Net interest cost	(18,895,576)	(1,276,993)	(719,185)	-	(20,891,754)
<b>Profit before operating expenses</b>	<b>22,998,649</b>	<b>1,515,231</b>	<b>1,269,941</b>	<b>-</b>	<b>25,783,821</b>
Operating expenses	(10,997,893)	(587,955)	-	-	(11,585,848)
Allowance for impairment & write-offs	(4,262,198)	(342,838)	(1,095,469)	-	(5,700,505)
Value added tax on financial services	(1,227,989)	(132,006)	(29,660)	-	(1,389,654)
<b>Profit before income tax</b>	<b>6,510,569</b>	<b>452,432</b>	<b>144,812</b>	<b>-</b>	<b>7,107,812</b>
<b>As at 31.03.2020</b>					
Total assets	173,165,372	15,997,954	2,998,752	(273,731)	191,888,346
Total liabilities	144,540,032	13,333,640	2,998,752	(273,731)	160,598,693
<b>As at 31.03.2019</b>					
Total assets	194,405,851	12,824,664	4,253,668	(448,811)	211,035,373
Total liabilities	174,058,189	10,405,738	4,253,668	(448,811)	188,268,784

# LOLC Finance PLC

## NOTES TO INTERIM FINANCIAL STATEMENTS

As at 31st March 2020

### 1. General

- These interim financial statements have been prepared in accordance with LKAS 34 Interim Financial Reporting and do not include all of the information required for a full set of financial statements.
- The requirements of the Colombo Stock Exchange and the Companies Act No.7 of 2007 have also been considered in preparing these financial statements
- The information for the preparation of these interim financial statements has been drawn up from the unaudited financial records of the Company.
- Accounting policies and methods of computation as stated in the audited financials for the year 2019/20 are followed in the preparation of these Interim Financial Statements.
- Accounting policies and method of computation as stated in the audited financial statements for the year 2018/19 are followed in the preparation of these Interim Financial Statements except for the accounting policies and methods of computation adopted to be compliant with SLFRS 16 - Leases, which became effective from 01 January 2019.

### 2. Stated Capital

The Stated Capital of the Company is represented by 5,250,000,000 ordinary shares.

### 3. Provision for management expenditure

All expenses related to management expenditure are fully provided for in these Interim Financial Statements.

### 4. Share information

Market prices of ordinary shares recorded during the quarter ended 31st March 2020 are as follows:

	Rs'
Last traded price	2.20
Highest Price	4.40
Lowest Price	2.20

### 5. Debenture information

The debt capital of the company comprises of fifty million (50,000,000) rated unsecured subordinated redeemable debentures issued in January, 2015. These debentures are listed in the Colombo Stock Exchange. ICRA Lanka Ltd upgraded the credit rating of the above debentures to [SL]A- with stable outlook from [SL]BBB+ with stable outlook during the financial year 2015/16 and reaffirmed during this financial year as [SL]A-(Stable).

In addition, the company issued thirty four million (34,110,193) rated unsecured subordinated redeemable debentures in July 2018. These debentures are also listed in the Colombo Stock Exchange. ICRA Lanka Ltd rated these debentures as [SL]A-(Stable).

- Interest rates of the debentures

Instrument type	Interest frequency	Coupon ( % p.a )	Interest yield as at last trade	Yield to maturity of last trade done	Interest rate of comparable
Type A - 5 Years Tenor	Quarterly	9.00%	9.91%	11.43%	9.70%
Type B - 5 Years Tenor	Semi Annually	9.10%	9.10%	9.10%	9.70%
Type C - 5 Years Tenor	Annually	9.25%	9.25%	9.25%	9.70%
Type A - 5 Years Tenor	Semi-annually	14.75%	14.75%	14.84%	9.70%
Type B - 5 Years Tenor	At maturity	20.13%	20.13%	20.13%	9.70%

- Market prices & issue prices of debentures recorded during the quarter ended 31st March 2020 are as follows.

Instrument Type	Issue Price	Highest Price	Lowest Price	Last Traded Price	Last Traded Date
Type A - 5 Years Tenor	Rs.100.00	Not Traded	Not Traded	Not Traded	N/A
Type B - 5 Years Tenor	Rs.100.00	Not Traded	Not Traded	Not Traded	N/A
Type C - 5 Years Tenor	Rs.100.00	Not Traded	Not Traded	Not Traded	N/A
Type A - 5 Years Tenor	Rs.100.00	Rs. 101.19	Rs. 101.19	Rs. 101.19	17-Dec-19
Type B - 5 Years Tenor	Rs. 49.83	Not Traded	Not Traded	Not Traded	N/A

- Debt security related ratios

	As at 31.03.2020	As at 31.03.2019
Debt to equity ratio (With Deposits)	4.86 times	7.86 times
Quick asset ratio	0.84 times	0.94 times
Interest cover	1.2 times	1.34 times

### 6. Issuer rating - ICRA

ICRA Lanka assigned the company an issuer rating of (SL) A (Stable outlook).



# LOLC Finance PLC

## NOTES TO INTERIM FINANCIAL STATEMENTS

As at 31st March 2020

### 7 Financial assets and liabilities

#### 7.1 Accounting classifications and fair values

As at 31st March 2020

The table below sets out the carrying amounts of the Company's financial assets and financial liabilities.

						Rs. '000
Description	Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost / Not measured at fair value	Total Carrying amount	Fair value	Fair value measurement level
Cash and cash equivalents	-	-	8,333,561	8,333,561	8,333,561	
Deposits with banks and other financial institutions	-	-	17,282,277	17,282,277	17,282,277	
Investment in government securities						
- Measured at fair value	-	9,608,598	-	9,608,598	9,608,598	Level 1
- Measured at amortized cost	-	-	1,182,245	1,182,245	1,182,245	
Derivative assets	273,195	-	-	273,195	273,195	Level 2
Investment securities	2,769,277	188,384	537	2,958,199	2,958,199	Level 1
Rentals receivable on leased assets	-	-	43,842,381	43,842,381	45,449,584	Level 2
Hire purchases, loans and advances	-	-	87,112,949	87,112,949	85,874,401	Level 2
Factoring receivable	-	-	2,998,752	2,998,752	2,998,752	
Amount due from related companies	-	-	63,233	63,233	63,233	
Other financial assets	-	-	535,859	535,859	535,859	
<b>Total financial assets</b>	<b>3,042,472</b>	<b>9,796,983</b>	<b>161,351,793</b>	<b>174,191,248</b>	<b>174,559,903</b>	
Bank overdraft	-	-	1,283,201	1,283,201	1,283,201	
Interest bearing borrowings	-	-	51,558,593	51,558,593	52,511,891	Level 2
Deposits from customers	-	-	99,261,181	99,261,181	99,376,970	Level 2
Trade payables	-	-	1,048,944	1,048,944	1,048,944	
Accruals and other payables	-	-	3,256,333	3,256,333	3,256,333	
Derivative liabilities	114,349	-	-	114,349	114,349	Level 2
Amount due to related companies	-	-	854,198	854,198	854,198	
<b>Total financial liabilities</b>	<b>114,349</b>	<b>-</b>	<b>157,262,450</b>	<b>157,376,799</b>	<b>158,445,885</b>	

# LOLC Finance PLC

## NOTES TO INTERIM FINANCIAL STATEMENTS

As at 31st March 2020

### Financial assets and liabilities (Cont.)

#### 7.1 Accounting classifications and fair values

As at 31st March 2019

The table below sets out the carrying amounts of the Company's financial assets and financial liabilities.

Description	Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost / Not measured at fair value	Rs. '000		
				Total Carrying amount	Fair value	Fair value measurement level
Cash and cash equivalents	-	-	17,535,538	17,535,538	17,535,538	
Deposits with banks	-	-	21,637,176	21,637,176	21,637,176	
Investment in government securities						
- Measured at fair value	-	6,576,964	-	6,576,964	6,576,964	Level 1
- Measured at amortized cost	-		11,574,032	11,574,032	11,574,032	
Derivative assets	568,530	-	-	568,530	568,530	Level 2
Investment securities	2,324,116	176,130	308,983	2,809,229	2,809,229	Level 1
Rentals receivable on leased assets	-	-	42,941,837	42,941,837	44,556,000	Level 2
Hire purchases, loans and advances	-	-	88,995,842	88,995,842	96,003,092	Level 2
Factoring receivable	-	-	4,253,668	4,253,668	4,253,668	
Amount due from related companies	-	-	5,569	5,569	5,569	
Other financial assets	-	-	539,787	539,787	539,787	
<b>Total financial assets</b>	<b>2,892,646</b>	<b>6,753,094</b>	<b>187,792,432</b>	<b>197,438,171</b>	<b>206,059,585</b>	
Bank overdraft	-	-	2,242,496	2,242,496	2,242,496	
Interest bearing borrowings	-	-	61,086,897	61,086,897	61,249,841	Level 2
Deposits from customers	-	-	115,365,141	115,365,141	115,963,629	Level 2
Trade payables	-	-	1,161,094	1,161,094	1,161,094	
Accruals and other payables	-	-	2,958,364	2,958,364	2,958,364	
Derivative liabilities	661,931	-	-	661,931	661,931	Level 2
Amount due to related companies	-	-	817,644	817,644	817,644	
<b>Total financial liabilities</b>	<b>661,931</b>	<b>-</b>	<b>183,631,637</b>	<b>184,293,568</b>	<b>185,055,000</b>	

# LOLC Finance PLC

## NOTES TO INTERIM FINANCIAL STATEMENTS

As at 31st March 2020

### 7.2 Financial assets and liabilities- Valuation technique

#### Level 2 fair value – market comparison technique

- Derivative assets and liabilities / Forward exchange contracts – fair value is based on broker quotes of similar contracts and the

#### Level 2 fair value – discounted cash flows

- Financial instruments not measured at fair value
- For the purpose of disclosing fair value of the financial instruments not measured at fair value (carried at amortized cost) discounted cash flows has been used to derive the fair value.

### 8. Events after reporting date

There have been no material events occurring after the reporting date that require adjustment to or disclosure in these Financial Statements.

### 9. Selected performance indicators

Regulatory Capital Adequacy		31.03.2020	31.03.2019
- Total Tier I Core Capital	Rs. '000	26,013,706	20,337,020
- Total Capital Base	Rs. '000	28,010,066	24,568,596
- Core capital adequacy ratio (Minimum requirement 7%)		13.10%	10.22%
- Total capital adequacy ratio (Minimum requirement 11%)		14.51%	12.34%
Asset Quality Ratios		31.03.2020	31.03.2019
- Net Non-Performing Advances Ratio		5.48%	2.66%
Regulatory Liquidity		31.03.2020	31.03.2019
- Available Liquid Assets	Rs. '000	15,796,486	29,743,825
- Required Liquid Assets	Rs. '000	11,589,907	13,504,784
- Liquid assets to Deposits ratio		15.91%	25.78%

### 10. Contingent liabilities

There are no significant changes in the nature of the contingent liabilities disclosed in the audited financials for the year ended 31 March 2019.

### 11. Comparative information

Comparative information has been reclassified to conform to the current period's presentation, where necessary. No information has been restated.

## LOLC Finance PLC

### NOTES TO INTERIM FINANCIAL STATEMENTS

As at 31st March 2020

**12. Subordinated, Unsecured, Listed, Redeemable, Rated Debentures Issue (2018/2023) - Proceeds utilization as at 31st March 2020 are as follows.**

Objective as per Prospect	Amount Allocated As Per Prospect In LKR	Proposed Date Of Utilization	Amount Allocated In LKR (A)	% Of Total Proceed	Amount Utilized In LKR (B)	% Of Utilized Against Allocation (B/A)	Clarification If Not Fully Utilized Including Where The Funds Invested (E.g. Whether Lent To Related Tarty/s etc.)
Supporting the general business growth opportunities of the Company	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Reducing the mismatch of maturity periods between assets and liabilities	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Improve the capital Adequacy of the company's balance sheet, by strengthening its Tier II Capital, Subject to the CBSL's approval as mentioned below. Such an increase in the Tier II capital will enable the company to significantly expand its lending portfolio in conformity with the CBSL's capital requirements.	2.5 Billion	From the date of allotment	2.5 Billion	100%	2.5 Billion	100%	N/A

**13. Rights Issue - proceeds utilization as at 31st March 2020 are as follows. (Issued on 16th March 2018)**

Objective As Per Circular	Amount Allocated As Per Circular in Rs.	Proposed Date of Utilization As Per Circular	Amount allocated From Proceeds in Rs.(A)	% of Total Proceeds	Amount Utilized in Rs. (B)	% of Utilize Against Allocation (B/A)	Clarification if not Fully Utilized Including Where The Funds are Invested (E.g. Whether Lent to Related Party/s etc.)
To comply with CBSL Direction No. 02 of 2006 (Risk Weighted Capital Adequacy Ratio) to facilitate the acquisition and merger of LOLC Micro Credit Ltd.	5.88 Billion	Within Two months from Allotment (26th March 2018)	5.88 Billion	100% by 26th March 2018	5.88 Billion	100%	N/A
To comply with the minimum capital adequacy requirement for every licensed finance company is required to maintain by 1st July 2019, in terms of the of the finance business act direction no. 3 of 2018 dated 6th June 2018	4.88 Billion	Within 15 - 18 month from Allotment	4.88 Billion	100% utilised for portolio growth & invest in T Bill/ Repo's	4.88 Billion	100%	N/A

## LOLC Finance PLC

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### STATEMENT OF DIRECTORS' HOLDING AND CHIEF EXECUTIVE OFFICER'S HOLDING IN SHARES OF THE ENTITY

As at 31st March 2020

Directors Name	No. of shares	%
<b>Mr B.C.G. de Zylva</b> (Non- Executive Chairman)	Nil	Nil
<b>Mr F K C P N Dias</b> Director/ CEO	400,000	0.008%
<b>Mrs K.U. Amarasinghe</b> (Executive Director)	Nil	Nil
<b>Mr A. Nissanka</b> (Executive Director)	1,300,800	0.025%
<b>Mrs D.P. Pieris</b> (Senior Independent Director)	Nil	Nil
<b>Mr P.A. Wijeratne</b> (Independent Director)	5,000	0.00%
<b>Mr K Sundararaj</b> (Independent Director)	Nil	Nil

# LOLC Finance PLC

## TOP 20 SHAREHOLDERS

As at 31st March 2020

	Shareholder	No. of Shares	% of Issued Capital
1	LOLC Private Limited	2,614,934,919	49.81%
2	LOLC Holdings Plc	1,622,584,913	30.91%
	Hatton National Bank Plc/LOLC Holdings Plc	625,000,000	11.90%
	LOLC Holdings Plc A/C No.02	103,728,649	1.98%
3	Saakya Capital (Private) Ltd	137,455,320	2.62%
4	Satya Capital (Pvt) Ltd	52,000,000	0.99%
5	Dr R.R.De Silva	11,371,515	0.22%
6	Capital Trust Holdings LTD	6,005,963	0.11%
7	National Savings Bank	3,628,769	0.07%
8	Hatton National Bank Plc- Astrue Alpha Fund	3,408,918	0.06%
9	Mr R.E. Rambukwella	2,320,000	0.04%
10	Mr. S. Vasudevan & Mrs. V. Saraswathi	2,058,694	0.04%
11	Dr A.R.Wikramanayake	1,688,500	0.03%
12	Mr.P.Tillakaratne	1,671,000	0.03%
13	Commercial Bank Of Ceylon Plc/S V Somasunderam	1,500,000	0.03%
14	Mr L.A.J.F.Morais	1,301,128	0.02%
15	Bansei Securities Capital (Pvt) Ltd/A Nissanka	1,300,800	0.02%
16	Hatton National Bank Plc/Capital Trust Holdings Limited	1,252,141	0.02%
17	Merchant bank of sri lanka & Finance Plc/S.M.D.N.P Banda	1,150,000	0.02%
18	Hatton National Bank Plc/Sanka Ramoorthy Nadaraj Kumar	1,114,204	0.02%
19	Mr G.Wickremasinghe	1,100,000	0.02%
20	Mr J.N Weerakoon	1,063,000	0.02%
<b>Total shares held by Top 20 Shareholders</b>		<b>5,197,638,433</b>	<b>99.00%</b>

### Public shareholding

Information pertaining to public shareholding as at 31st March 2020 is as follows:

	31-Mar-20	31-Mar-19
Public holding percentage	5.37%	6.63%
Number of public shareholders	3,036	2,686
Float Adjusted Market Capitalization	619,642,582	946,415,565

The Company is not compliant with the minimum public holding requirement stipulated in the Listing Rule 17.13.1.(b) (Option 1) of the Colombo Stock Exchange. This arose consequent to the rights issue made by the Company in March 2018 & Aug 2019 and the subscription by the public shareholders was less than their entitlement.

The Board of Directors of the Company is in the process of evaluating options in this regard.