



# INTERIM FINANCIAL STATEMENTS

For the nine months ended

31st December 2019

LOLC FINANCE PLC

# LOLC Finance PLC

---

## CONTENTS

As at 31st December 2019

	Page
1 Statement of Financial Position	1
2 Statement of Profit or Loss and Other Comprehensive Income	2
3 Statement of Changes in Equity	3
4 Statement of Cash flows	4
5 Operating Segments	5
6 Notes to the Interim Financial Statements	6
7 Statement of Directors' and Chief Executive Officer's holding in Shares of the Entity	11
8 Top 20 Shareholders	12

# LOLC Finance PLC

## STATEMENT OF FINANCIAL POSITION

As at 31st December 2019

	As at 31.12.2019 (Unaudited) Rs. '000	As at 31.03.2019 (Audited) Rs. '000
<b>ASSETS</b>		
Cash and bank balances	21,484,084	17,535,538
Deposits with banks and other financial institutions	16,372,582	21,637,176
Investment in government securities and others	12,702,112	18,150,996
Derivative assets	22,265	568,530
Financial assets at amortized cost		
Rentals receivable on leased assets	42,363,793	42,941,837
Loans and advances	87,175,063	88,995,842
Factoring receivable	5,251,320	4,253,668
Investment securities	2,349,966	2,809,229
Other receivables	1,224,626	937,941
Amount due from related companies	11,597	5,569
Inventories	3,385	4,811
Investment properties	13,286,310	11,635,211
Property plant and equipment	1,395,839	1,559,025
Intangible assets	6,920	-
<b>Total assets</b>	<b>203,649,863</b>	<b>211,035,373</b>
<b>LIABILITIES</b>		
Bank overdraft	4,890,302	2,242,496
Interest bearing borrowings	51,370,634	61,086,897
Deposits from customers	105,798,986	115,365,141
Trade payables	4,950,783	1,161,094
Accruals and other payables	2,747,449	3,072,454
Derivative liabilities	198,180	661,931
Amount due to related companies	1,712,771	817,644
Current tax payable	1,013,656	1,501,293
Deferred tax liability	2,272,773	2,272,773
Defined benefit obligations	82,522	87,061
<b>Total liabilities</b>	<b>175,038,056</b>	<b>188,268,784</b>
<b>EQUITY</b>		
Stated capital	12,762,500	7,880,000
Statutory reserve	3,189,298	3,189,298
Revaluation reserve	241,528	241,528
Cash flow hedge reserve	(69,047)	(39,059)
Available for sale investment reserve	-	-
Fair Value Reserve	10,449	(21,756)
Retained earnings	12,477,079	11,516,579
<b>Total equity</b>	<b>28,611,806</b>	<b>22,766,588</b>
<b>Total liabilities and equity</b>	<b>203,649,863</b>	<b>211,035,373</b>
Net asset value per share (Rs.)	5.45	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.) Ravi Tissera - Deputy Chairman / CEO

*Sgd.*

Mrs K.U. Amarasinghe - Executive Director

12<sup>th</sup> February 2020  
Rajagiriya (Greater Colombo)

# LOLC Finance PLC

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 31st December 2019

	For the period ended			For the quarter ended		
	31.12.2019 (Unaudited) Rs '000	31.12.2018 (Unaudited) Rs '000	Variance %	31.12.2019 (Unaudited) Rs '000	31.12.2018 (Unaudited) Rs '000	Variance %
Interest income	28,721,918	30,392,364	-5%	9,557,285	8,931,899	7%
Interest expense	(14,746,877)	(15,678,435)	6%	(4,483,816)	(5,296,208)	15%
<b>Net interest income</b>	<b>13,975,041</b>	<b>14,713,929</b>	<b>-5%</b>	<b>5,073,470</b>	<b>3,635,691</b>	<b>40%</b>
Net other operating income	1,312,655	3,141,284	-58%	465,725	2,223,408	-79%
<b>Total income</b>	<b>15,287,696</b>	<b>17,855,212</b>	<b>-14%</b>	<b>5,539,195</b>	<b>5,859,098</b>	<b>-5%</b>
<b>Operating expenses</b>						
Direct expenses excluding interest cost	(827,112)	(1,316,019)	37%	(359,826)	(290,322)	-24%
Allowance for impairment & write-offs	(5,529,738)	(5,502,732)	0%	(2,652,731)	(2,189,854)	-21%
Personnel expenses	(2,109,731)	(2,571,840)	18%	(678,347)	(877,076)	23%
Depreciation	(150,156)	(120,486)	-25%	(53,484)	(41,135)	-30%
General & administration expenses	(4,711,502)	(4,875,980)	3%	(1,695,541)	(1,756,951)	3%
<b>Profit from operations</b>	<b>1,959,457</b>	<b>3,468,155</b>	<b>-44%</b>	<b>99,267</b>	<b>703,760</b>	<b>-86%</b>
Value added tax on financial services	(625,429)	(611,717)	-2%	(55,358)	(261,135)	79%
<b>Profit before income tax expense</b>	<b>1,334,028</b>	<b>2,856,438</b>	<b>-53%</b>	<b>43,909</b>	<b>442,625</b>	<b>-90%</b>
Income tax expense	(373,528)	(838,359)	55%	(14,906)	(105,173)	86%
<b>Profit for the period</b>	<b>960,500</b>	<b>2,018,079</b>	<b>-52%</b>	<b>29,003</b>	<b>337,452</b>	<b>-91%</b>
<b>Other comprehensive income</b>						
<b>Items that are or may be reclassified to profit or loss</b>						
Available-for-sale financial assets - net change in fair value	-	(56,103)	-100%	-	(41,157)	-100%
Movement in fair value reserves	32,206	-	-	1,593	-	-
	32,206	(56,103)	-157%	1,593	(41,157)	-104%
Movement in hedge reserves	(29,988)	12,749	-335%	36,481	(12,118)	-401%
<b>Total of items that are or may be reclassified to profit or loss</b>	<b>2,218</b>	<b>(43,354)</b>	<b>-105%</b>	<b>38,075</b>	<b>(53,275)</b>	<b>-171%</b>
<b>Total comprehensive income for the period</b>	<b>962,718</b>	<b>1,974,725</b>	<b>-51%</b>	<b>67,077</b>	<b>284,177</b>	<b>-76%</b>
<b>Basic earnings per share (Rs.)</b>	<b>0.20</b>	<b>0.48</b>		<b>0.01</b>	<b>0.08</b>	

# LOLC Finance PLC

## STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31st December 2019

	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	-	-	-	-	-	2,018,079	2,018,079
<b>Other comprehensive income, net of income tax</b>							
Net fair value gains/(losses) on remeasuring financial assets measured at fair value through other comprehensive income	-	-	-	-	(56,103)	-	(56,103)
Net movement of cashflow hedges	-	-	-	12,749	-	-	12,749
<b>Total other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,749</b>	<b>(56,103)</b>	<b>-</b>	<b>(43,354)</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,749</b>	<b>(56,103)</b>	<b>2,018,079</b>	<b>1,974,725</b>
<b>Balance as at 31 December 2018</b>	<b>7,880,000</b>	<b>1,996,724</b>	<b>241,528</b>	<b>6,416</b>	<b>(63,270)</b>	<b>8,767,314</b>	<b>18,828,711</b>
<b>Balance as at 01 January 2019</b>	<b>7,880,000</b>	<b>1,996,724</b>	<b>241,528</b>	<b>6,416</b>	<b>(63,270)</b>	<b>8,767,314</b>	<b>18,828,711</b>
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	-	-	-	3,944,789	3,944,789
<b>Other comprehensive income, net of income tax</b>							
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	-	-	-	-	21,281	-	21,281
Net movement of cashflow hedges	-	-	-	(45,475)	-	-	(45,475)
<b>Total other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(45,475)</b>	<b>41,513</b>	<b>(2,950)</b>	<b>(6,912)</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(45,475)</b>	<b>41,513</b>	<b>3,941,839</b>	<b>3,937,877</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	-	-	-	-	-	960,500	960,500
<b>Other comprehensive income, net of income tax</b>							
Shares issued during the year	4,882,500	-	-	-	-	-	4,882,500
Net fair value gains/(losses) on remeasuring financial assets measured at fair value through other comprehensive income	-	-	-	-	32,206	-	32,206
Net movement of cashflow hedges	-	-	-	(29,988)	-	-	(29,988)
<b>Total other comprehensive income for the period</b>	<b>4,882,500</b>	<b>-</b>	<b>-</b>	<b>(29,988)</b>	<b>32,206</b>	<b>-</b>	<b>4,884,718</b>
<b>Total comprehensive income for the period</b>	<b>4,882,500</b>	<b>-</b>	<b>-</b>	<b>(29,988)</b>	<b>32,206</b>	<b>960,500</b>	<b>5,845,218</b>
<b>Balance as at 31 December 2019</b>	<b>12,762,500</b>	<b>3,189,298</b>	<b>241,528</b>	<b>(69,047)</b>	<b>10,449</b>	<b>12,477,079</b>	<b>28,611,806</b>

# LOLC Finance PLC

## STATEMENT OF CASH FLOWS

For the nine months ended 31st December 2019

	2019 Rs '000	2018 Rs '000
<b>Cash flows from / (used in) operating activities</b>		
Profit before income tax expense	1,334,028	2,856,438
<b>Adjustments for:</b>		
Depreciation	150,156	120,486
(Profit)/Loss on Sales of PPE/ Investment properties	(12,870)	(5,075)
Change in fair value of derivatives - forward contracts	94,183	(972,183)
Change in fair value of Trading Gold Stock	(8,521)	-
Provision for fall / (increase) in value of investments	(900)	900
Impairment provision for the period	1,500,950	2,341,673
Investment income	(1,694,282)	(1,728,326)
Finance costs	14,746,877	15,678,435
<b>Operating profit / (loss) before working capital changes</b>	<b>16,109,621</b>	<b>18,292,348</b>
Change in other receivables	(295,418)	(1,326,040)
Change in Inventories	1,426	2,633
Change in trade and other payables	4,331,644	800,664
Change in amounts due to/ due from related parties	19,203	(1,022,725)
Change in lease receivables	167,837	(2,314,180)
Change in loans and advances	(1,626,087)	1,999,901
Change in factoring receivables	690,448	2,427,912
Change in margin trading advances	-	(42,310)
Change in fixed deposits from customers	(10,655,024)	2,729,442
Change in savings deposits from customers	114,932	3,731,463
<b>Cash generated from / (used in) operations</b>	<b>8,858,583</b>	<b>25,279,110</b>
Finance cost paid on deposits	(9,318,144)	(10,623,620)
Gratuity paid	(4,539)	(5,697)
Income tax paid	(861,164)	(214,408)
<b>Net cash from / (used in) operating activities</b>	<b>(1,325,264)</b>	<b>14,435,385</b>
<b>Cash flows from / (used in) investing activities</b>		
Acquisition of Property, Plant & Equipment & Investment property	(1,076,795)	(343,407)
Proceeds from disposal of PPE/ Investment properties	74,000	16,618
Net proceeds from investments in term deposits	4,864,594	1,704,759
Net proceeds from investments in government securities	5,881,089	1,806,286
Net Proceeds from investments in Debenture	308,446	-
Net proceeds from Investments in unit trust	198,935	48,780
Interest received	1,694,282	1,728,326
<b>Net cash flows used in investing activities</b>	<b>11,944,551</b>	<b>4,961,360</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	(9,580,849)	(6,649,468)
Proceeds from issue of debentures	-	2,500,000
Lease rentals paid - principal	(149,790)	(215,278)
Finance cost paid on borrowings	(4,470,409)	(5,294,734)
<b>Net cash flows from / (used in) financing activities</b>	<b>(9,318,548)</b>	<b>(9,659,479)</b>
Net increase / (decrease) in cash and cash equivalents	1,300,739	9,737,266
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>16,593,782</b>	<b>16,817,463</b>
<b>Analysis of cash and cash equivalents at the end of the period</b>		
Cash and bank balances	21,484,084	18,543,375
Bank overdraft	(4,890,302)	(1,725,912)
	<b>16,593,782</b>	<b>16,817,463</b>

# LOLC Finance PLC

## OPERATING SEGMENTS

For the nine months ended 31st December 2019

	Conventional Financial Services Rs '000	Alternative Financial Services Rs '000	Factoring Business Rs '000	Others/ Adjustments Rs '000	Total Rs '000
<b>For the nine months ended 31st December 2019</b>					
Total revenue	27,101,617	2,008,650	924,306	-	30,034,573
Inter-segmental revenue	-	-	-	-	-
<b>External revenue</b>	<b>27,101,617</b>	<b>2,008,650</b>	<b>924,306</b>	<b>-</b>	<b>30,034,573</b>
Net interest cost	(13,363,285)	(829,464)	(554,128)	-	(14,746,877)
<b>Profit before operating expenses</b>	<b>13,738,332</b>	<b>1,179,186</b>	<b>370,178</b>	<b>-</b>	<b>15,287,696</b>
Operating expenses	(7,234,876)	(563,626)	-	-	(7,798,502)
Allowance for impairment & write-offs	(4,668,876)	(276,451)	(584,411)	-	(5,529,738)
Value added tax on financial services	(539,217)	(86,212)	-	-	(625,429)
<b>Profit before income tax</b>	<b>1,295,364</b>	<b>252,897</b>	<b>(214,233)</b>	<b>-</b>	<b>1,334,028</b>
<b>For the nine months ended 31st December 2018</b>					
Total revenue	29,847,083	2,096,895	1,589,670	-	33,533,647
Inter-segmental revenue	-	-	-	-	-
<b>External revenue</b>	<b>29,847,083</b>	<b>2,096,895</b>	<b>1,589,670</b>	<b>-</b>	<b>33,533,647</b>
Net interest cost	(13,964,268)	(994,981)	(719,185)	-	(15,678,435)
<b>Profit before operating expenses</b>	<b>15,882,815</b>	<b>1,101,913</b>	<b>870,484</b>	<b>-</b>	<b>17,855,212</b>
Operating expenses	(8,454,149)	(430,177)	-	-	(8,884,325)
Allowance for impairment & write-offs	(4,113,092)	(298,103)	(1,091,537)	-	(5,502,732)
Value added tax on financial services	(538,370)	(73,347)	-	-	(611,717)
<b>Profit before income tax</b>	<b>2,777,205</b>	<b>300,286</b>	<b>(221,053)</b>	<b>-</b>	<b>2,856,438</b>
<b>As at 31.12.2019</b>					
Total assets	185,839,795	12,559,452	5,251,320	(704)	203,649,863
Total liabilities	159,829,000	9,958,440	5,251,320	(704)	175,038,056
<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 December 2019

### 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 December 2019 are as follows:

	Rs'
Last traded price	3.90
Highest Price	4.20
Lowest Price	3.60

### 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%	9.94%
Type B - 5 Years Tenor	Semi Annually	9.10%	9.10%	9.10%	9.94%
Type C - 5 Years Tenor	Annually	9.25%	9.25%	9.25%	9.94%
Type A - 5 Years Tenor	Semi-annually	14.75%	14.75%	14.84%	9.94%
Type B - 5 Years Tenor	At maturity	20.13%	20.13%	20.13%	9.94%

- Market prices & issue prices of debentures recorded during the quarter ended 31st December 2019 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 31.12.2019	As at 31.03.2019
Debt to equity ratio (With Deposits)	5.66 times	7.86 times
Quick asset ratio	0.86 times	0.94 times
Interest cover	1.09 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 December 2019

### 7 Financial assets and liabilities

#### 7.1 Accounting classifications and fair values

As at 31st December 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	Total Carrying amount	Rs. '000	
					Fair value	Fair value measurement level
Cash and cash equivalents	-	-	21,484,084	21,484,084	21,484,084	
Deposits with banks and other financial institutions	-	-	16,372,582	16,372,582	16,372,582	
Investment in government securities						
- Measured at fair value	-	7,125,922	-	7,125,922	7,125,922	Level 1
- Measured at amortized cost	-		5,576,190	5,576,190	5,576,190	
Derivative assets	22,265	-	-	22,265	22,265	Level 2
Investment securities	1,896,539	-	806,210	2,702,748	2,702,748	Level 1
Rentals receivable on leased assets	-	-	42,363,793	42,363,793	44,321,795	Level 2
Hire purchases, loans and advances	-	-	87,175,063	87,175,063	86,801,819	Level 2
Factoring receivable	-	-	5,251,320	5,251,320	5,251,320	
Amount due from related companies	-	-	11,597	11,597	11,597	
Other financial assets	-	-	629,896	629,896	629,896	
<b>Total financial assets</b>	<b>1,918,803</b>	<b>7,125,922</b>	<b>179,670,735</b>	<b>188,715,460</b>	<b>190,300,218</b>	
Bank overdraft	-	-	4,890,302	4,890,302	4,890,302	
Interest bearing borrowings	-	-	51,370,634	51,370,634	51,034,582	Level 2
Deposits from customers	-	-	105,798,986	105,798,986	105,481,781	Level 2
Trade payables	-	-	4,950,783	4,950,783	4,950,783	
Accruals and other payables	-	-	2,631,306	2,631,306	2,631,306	
Derivative liabilities	198,180	-	-	198,180	198,180	Level 2
Amount due to related companies	-	-	1,712,771	1,712,771	1,712,771	
<b>Total financial liabilities</b>	<b>198,180</b>	<b>-</b>	<b>171,354,782</b>	<b>171,552,961</b>	<b>170,899,705</b>	

## LOLC Finance PLC

### NOTES TO INTERIM FINANCIAL STATEMENTS

As at 31st December 2019

#### 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	Total Carrying amount	Rs. '000	
					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	2,500,000	-	309,229	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>3,068,530</b>	<b>6,576,964</b>	<b>187,792,678</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>	

### 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 quotes reflect the actual

#### 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		31.12.2019	31.03.2019	31.12.2018
- Total Tier I Core Capital	Rs. '000	25,219,520	20,337,020	16,864,106
- Total Capital Base	Rs. '000	28,983,056	24,568,596	22,148,386
- Core capital adequacy ratio (Minimum requirement 7%)		12.92%	10.22%	9.09%
- Total capital adequacy ratio (Minimum requirement 11%)		14.84%	12.34%	11.94%
Asset Quality Ratios		31.12.2019	31.03.2019	31.12.2018
- Net Non-Performing Advances Ratio		5.48%	2.66%	3.35%
Regulatory Liquidity		31.12.2019	31.03.2019	31.12.2018
- Available Liquid Assets	Rs. '000	20,339,624	29,743,825	16,662,932
- Required Liquid Assets	Rs. '000	12,848,655	13,504,784	13,728,527
- Liquid assets to Deposits ratio		19.22%	25.78%	14.33%

### 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 figures have been re-stated/ re-classified according to conform the current period presentation. The following line items of the Interim

	31.12.2018 (Re-Stated/ Re- classified) Rs '000	31.12.2018 (As Reported Previously) Rs '000
Allowance for impairment & write-offs	(5,502,732)	(4,940,512)
Profit from operations	3,468,155	4,030,572
Value added tax on financial services	(611,717)	(711,796)
Profit before income tax expense	2,856,438	3,318,777
Income tax expense	(838,359)	(837,918)
Profit for the period	2,018,079	2,480,859
Total comprehensive income for the period	1,974,725	2,437,505

## LOLC Finance PLC

### NOTES TO INTERIM FINANCIAL STATEMENTS

As at 31st December 2019

#### 12. Subordinated, Unsecured, Listed, Redeemable, Rated Debentures Issue (2018/2023) - Proceeds utilization as at 31st December 2019 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 Party/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 December 2019 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

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

As at 31st December 2019

Directors Name	No. of shares	%
<b>Mr B.C.G. de Zylva</b> (Non- Executive Chairman)	Nil	Nil
<b>Mr R.D. Tissera</b> (Deputy Chairman) / CEO	Nil	Nil
<b>Mr A. Nissanka</b> (Executive Director)	1,300,800	0.025%
<b>Mrs K.U. Amarasinghe</b> (Executive Director)	Nil	Nil
<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 December 2019

	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	8,358,048	0.16%
7	Hatton National Bank Plc- Astrue Alpha Fund	4,645,194	0.09%
8	National Savings Bank	3,628,769	0.07%
9	Mr R.E. Rambukwella	1,953,000	0.04%
10	Mr P.Tillakaratne	1,700,000	0.03%
11	Dr A.R.Wikramanayake	1,688,500	0.03%
12	Commercial Bank Of Ceylon Plc/S V Somasunderam	1,500,000	0.03%
13	Mr. S. Vasudevan & Mrs. V. Saraswathi	1,500,000	0.03%
14	Hatton National Bank Plc/Capital Trust Holdings Limited	1,307,300	0.02%
15	Mr L.A.J.F.Morais	1,301,128	0.02%
16	Bansei Securities Capital (Pvt) Ltd/A Nissanka	1,300,800	0.02%
17	Hatton National Bank Plc/Sanka Ramoorthy Nadaraj Kumar	1,114,204	0.02%
18	Mr G.Wickremasinghe	1,100,000	0.02%
19	Citizens Development Business Finance Plc/ K D Gunarathne	1,000,000	0.02%
20	Mr. K.K. Shujeevan	890,471	0.02%
<b>Total shares held by Top 20 Shareholders</b>		<b>5,200,062,730</b>	<b>99.05%</b>

### Public shareholding

Information pertaining to public shareholding as at 31st December 2019 is as follows:

	31-Dec-19	31-Dec-18
Public holding percentage	5.37%	6.63%
Number of public shareholders	2,983	2,686
Float Adjusted Market Capitalization	1,100,017,304	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.