



**SINGER
FINANCE**

SINGER FINANCE (LANKA) PLC

INTERIM FINANCIAL STATEMENTS FOR THE
NINE MONTHS ENDED 31ST DECEMBER 2018

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STATEMENT OF FINANCIAL POSITION

As At	31-December-2018	31-December-2017	31-Mar-2018 (Audited)
	Rs.'000	Rs.'000	Rs.'000
ASSETS			
Cash and Cash Equivalents	231,479	238,127	295,703
Placement with Banks	82,670	81,079	81,504
Hire Purchase Receivables	22,448	123,903	82,845
Finance Lease Receivables	13,418,942	10,533,093	11,383,225
Loans and Advances	3,765,582	2,742,287	2,900,363
Financial Instruments - Available-for-Sale	41	41	41
Financial Instruments - Held-to-Maturity	609,668	1,149,051	671,383
Due from Related Companies	438,885	258,575	336,269
Other Debtors, and Prepayments	332,263	268,454	210,265
Intangible Assets	45,787	45,535	49,420
Property, Plant & Equipment	161,191	120,443	120,587
Total Assets	19,108,956	15,560,588	16,131,605
LIABILITIES			
Other Financial Liabilities Due to Customers	4,751,484	5,243,432	5,356,078
Interest Bearing Loans & Borrowings	6,411,246	4,823,675	4,313,601
Interest Bearing Loans - Related party	1,625,000	400,000	1,000,000
Trade & Other Payables	753,978	680,092	761,936
VAT Payable	3,655	4,089	2,479
Due to Related Companies	525,492	363,966	465,346
Bank Overdraft	971,013	448,224	676,917
Current Tax Liabilities	129,435	43,278	10,047
Deferred Tax Liabilities	154,876	94,285	154,876
Retirement Benefit Obligations	59,029	52,991	55,213
Total Liabilities	15,385,208	12,154,032	12,796,493
SHAREHOLDERS' FUND			
Stated Capital	1,996,444	1,996,444	1,996,444
Reserve Fund	136,009	113,852	136,009
Retained Earnings	1,591,295	1,296,260	1,202,659
Total Equity	3,723,748	3,406,556	3,335,112
Total Liabilities & Equity	19,108,956	15,560,588	16,131,605
Net Assets per share (Rs)	18.43	16.86	16.50

I certify that the financial statements of the Company comply with the requirements of the companies Act 07 of 2007

(Sgd)

Eraj Fernando

Head of Finance

The above figures are provisional and subject to audit unless specified.

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Singed for and on behalf of the Board by,

(Sgd)

A.Perera

Chairman

(Sgd)

Thushan Amarasuriya

Director/Chief Executive Officer

Colombo

22nd January 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the quarter ended 31st December	2018	2017	Variance	
	Rs.'000	Rs.'000	Rs.'000	%
Gross Income	1,060,470	874,453	186,017	21%
Interest Income	983,678	777,608	206,070	27%
Less: Interest Expense	433,953	337,163	(96,790)	(29%)
Net Interest Income	549,725	440,445	109,280	25%
Net Fee and Commission Income	60,964	47,700	13,264	28%
Net Trading Income	169	309	(140)	(45%)
Other Income	15,659	48,836	(33,177)	(68%)
Total Operating Income	626,517	537,290	89,227	17%
Less: Allowances for Impairment charges for Loan and Other Losses	55,184	42,506	(12,678)	(30%)
Net Operating Income	571,333	494,784	76,549	15%
Less:- Expenses				
Personnel Cost	113,747	96,483	(17,264)	(18%)
Administration & Selling Expenses	167,870	142,645	(25,225)	(18%)
Operating Profit Before Value Added Tax	289,716	255,656	34,060	13%
Less: Value Added Tax on Financial Services & DRL	77,731	45,333	(32,398)	(71%)
Profit Before Tax	211,985	210,323	1,662	1%
Less: Income Tax Expense	80,662	80,345	(317)	(0%)
Net profit for the Period	131,323	129,978	1,345	1%
Other Comprehensive Income				
Actuarial Loss on Retirement Benefit Obligation	-	(7,778)	7,778	(100%)
Add: Deferred Tax on Actuarial Losses on Defined Benefit Obligation	-	2,178	(2,178)	(100%)
Other Comprehensive Income for the Period, Net of Tax	-	(5,600)	5,600	(100%)
Total Comprehensive Income for the Period	131,323	124,378	6,945	6%
Basic Earnings per Share (Rs)	0.65	0.78		

Share Price	Quarter Ended 31st December 2018	Quarter Ended 31st December 2017
	Rs.	Rs.
Highest	14.60	16.90
Lowest	12.50	14.90
Closing	13.90	15.00

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Nine Months ended 31st December	2018	2017	Variance	
	Rs.'000	Rs.'000	Rs.'000	%
Gross Income	3,013,778	2,396,371	617,407	26%
Interest Income	2,777,913	2,200,238	577,675	26%
Less: Interest Expense	1,182,770	954,914	(227,856)	(24%)
Net Interest Income	1,595,143	1,245,324	349,819	28%
Net Fee and Commission Income	181,737	125,714	56,023	45%
Net Trading Income	1,141	487	654	134%
Other Income	52,987	69,932	(16,945)	(24%)
Total Operating Income	1,831,008	1,441,457	389,551	27%
Less: Allowances for Impairment charges for Loan and Other Losses	155,989	117,124	(38,865)	(33%)
Net Operating Income	1,675,019	1,324,333	350,686	26%
Less:- Expenses				
Personnel Cost	344,049	258,628	(85,421)	(33%)
Administration & Selling Expenses	540,901	450,347	(90,554)	(20%)
Operating Profit Before Value Added Tax	790,069	615,358	174,711	28%
Less: Value Added Tax on Financial Services & DRL	171,573	109,654	(61,919)	(56%)
Profit Before Tax	618,496	505,704	112,792	22%
Less: Income Tax Expense	229,860	190,022	(39,838)	(21%)
Net profit for the Period	388,636	315,682	72,954	23%
Other Comprehensive Income	-	-	-	0%
Actuarial (Loss)/Gain on Retirement Benefit Obligaion	-	(7,778)	7,778	(100%)
Deferred Tax on Actuarial Losses on Defined Benefit Obligation	-	2,178	(2,178)	(100%)
Other Comprehensive Income for the Period, Net of Tax	-	(5,600)	5,600	(100%)
Total Comprehensive Income for the Period	388,636	310,082	78,554	25%
Basic Earnings per Share (Rs)	1.92	1.89		

Share Price

	Nine Months Ended	
	31st December 2018	31st December 2017
	Rs.	Rs.
Highest	16.40	21.00
Lowest	12.50	14.90
Closing	13.90	15.00

STATEMENT OF CHANGES IN EQUITY

For the Nine Months ended 31st December

	Attributable to Equity Holders of the Company			
	Stated Capital Rs.'000	Reserve Fund Rs.'000	Retained Earnings Rs.'000	Total Rs.'000
Balance as at 01st April 2017	1,445,333	113,852	1,161,431	2,720,616
Total Comprehensive Income				
Profit for the Period	-	-	315,682	315,682
Other Comprehensive Income				
Actuarial Loss on Retirement Benefit Obligation	-	-	(7,778)	(7,778)
Tax on Other Comprehensive Income	-	-	2,178	2,178
Total Other Comprehensive Income for the Period	-	-	(5,600)	(5,600)
Total Comprehensive Income for the Period	-	-	310,082	310,082
Transactions with Owners, Recorded Directly in Equity				
Issue of Shares	551,111	-	-	551,111
Dividends	-	-	(175,253)	(175,253)
Total Transactions with Equity Owners	551,111	-	(175,253)	375,858
Balance as at 31st December 2017	1,996,444	113,852	1,296,260	3,406,556
Transferred to/(from) during the Period	-	22,157	(22,157)	-
Total Comprehensive Income				
Profit for the Period	-	-	127,463	127,463
Other Comprehensive Income				
Employee Benefit Plan Actuarial Loss			(1,258)	(1,258)
Tax on Other Comprehensive Income			352	352
Total Other Comprehensive Income for the Period	-	-	(906)	(906)
Total Comprehensive Income for the Period	-	-	126,557	126,557
Transactions with Owners, Recorded Directly in Equity				
Direct Cost on Right Issue	-	-	(1,989)	(1,989)
Dividends	-	-	(196,012)	(196,012)
Total Transactions with Equity Owners	-	-	(198,001)	(198,001)
Balance as at 31st March 2018	1,996,444	136,009	1,202,659	3,335,112
Total Comprehensive Income				
Profit for the Period	-	-	388,636	388,636
Other Comprehensive Income				
Total Other Comprehensive Income for the Period	-	-	-	-
Total Comprehensive Income for the Period	-	-	388,636	388,636
Transactions with Owners, Recorded Directly in Equity				
Total Transactions with Equity Owners	-	-	-	-
Balance as at 31st December 2018	1,996,444	136,009	1,591,295	3,723,748

CASH FLOW STATEMENT

For the Nine Months ended 31st December	2018	2017
	Rs.'000	Rs.'000
Cash Flows From Operating Activities		
Profit Before Tax	618,496	505,704
Adjustments for		
Non-Cash Items Included In Profit Before Tax		
Interest Income from Investing Activities	(46,165)	(49,527)
Interest Income from Placement With Banks	(6,281)	(7,293)
Finance Cost	947,835	845,246
Depreciation/Amortization	28,765	24,756
Loss on disposal of Property, Plant and Equipment	(66)	-
Provision for Define Benefit Plans - Gratuity	11,200	10,454
Provision for Bad Debt	155,990	117,125
Issue Cost_Securitization	2,701	-
Debenture Issue Cost	5,506	6,635
Operating Profit Before Changes In Operating Assets And Liabilities	1,717,981	1,453,100
Changes In;		
Increase in Lease Rentals Receivables	(2,124,809)	(1,273,702)
Decrease in Hire Debtors	61,738	205,778
Increase in Loans and Advances	(936,013)	(896,017)
Increase in Other Assets	(152,126)	(90,779)
Increase in Due from Related Companies	(102,617)	(56,710)
Increase/(Decrease) In Public Deposits	(558,319)	1,982,942
Increase in amounts due to Related Companies	60,146	92,731
Increase in Other Liabilities	25,234	143,255
Cash from/(used in) Operations	(2,008,785)	1,560,598
Finance costs paid	(882,815)	(858,090)
Retiring Gratuity Paid	(7,385)	(2,083)
ESC Paid	(14,173)	(30,298)
Income Tax Paid	(66,172)	(133,486)
Net Cash from/(used in) Operating Activities	(2,979,330)	536,641
Cash Flows from/(used in) Investing Activities		
Acquisition of Property Plant & Equipment	(70,461)	(17,117)
Proceeds from Sale of Property, Plant & Equipment	5,418	-
Incurred on Software Development	(759)	(16,949)
Net change in Investment Securities	88,089	(605,001)
Interest Income Received	24,907	62,074
Net Cash Flows used in Investing Activities	47,194	(576,993)
Cash Flows from/(used in) Financing Activities		
Proceeds from issuance of Right Issue	-	551,112
Issue of Commercial Papers	-	6,405
Issue Of Securitization	1,750,000	-
Loans Obtained During the Period Other Than Related Party	2,450,000	3,660,000
Loans Obtained During the Period From Related Party	425,000	500,000
Repayment of Loans Other Than Related Party	(1,782,500)	(3,272,500)
Loans Obtained/(Repayment) of Loans Related Party	200,000	(600,000)
Repayment of Commercial Papers	-	(112,579)
Repayment of Debenture	(416,668)	(416,666)
Dividends Paid	(32,015)	(174,147)
Net Cash Flows from/(used in) Financing Activities	2,573,817	141,625
Net increase/(Decrease) in Cash and Cash Equivalents	(358,319)	101,273
Cash and Cash Equivalents at the beginning of the Period	(381,215)	(311,370)
Cash and Cash Equivalents at the end of the Period	(739,534)	(210,097)

Interim Financial Statements for the Quarter Ended 31st December 2018

Notes to the Financial Statements

FINANCIAL REPORTING BY SEGMENTS AS PER PROVISION OF THE SRI LANKA ACCOUNTING STANDARD SLFRS 8

The primary business segment reporting format is determined based on the nature of the products and services provided, with each segment representing a strategic business unit that offers different product and serves different markets

The following table presents financial information regarding business segments:

Business Segments (Rs.'000)

For the quarter ended 31st December	Finance Lease		Hire Purchase		Loan & Advances		Other		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Interest	716,520	552,477	1,741	7,143	226,273	179,799	39,144	38,188	983,678	777,608
Net Fee and Commission Income	30,182	19,788	(30)	(5)	27,736	22,515	3,076	5,402	60,964	47,700
Net Trading Income	-	-	-	-	-	-	169	309	169	309
Other Operating Income	3,907	1,701	145	1,220	8,711	10,925	2,897	34,990	15,659	48,836
Total Revenue	750,609	573,966	1,856	8,359	262,719	213,239	45,286	78,889	1,060,470	874,453
Interest Expense	(322,926)	(228,237)	119	(174)	(96,738)	(62,583)	(14,408)	(46,169)	(433,953)	(337,163)
Depreciation & Amortization	(7,746)	(6,573)	4	(7)	(2,333)	(1,800)	-	-	(10,074)	(8,380)
Period S&A	(208,293)	(180,993)	189	(178)	(63,438)	(49,577)	-	-	(271,543)	(230,748)
Allowances for Impairment charges for Loan and Other Losses	(31,247)	(7,161)	312	4,568	(24,249)	(39,914)	-	-	(55,184)	(42,506)
Value Added Tax on Financial Services	(57,973)	(31,128)	(14)	(105)	(17,035)	(8,433)	(2,709)	(5,667)	(77,731)	(45,333)
Profit Before Tax	122,424	119,874	2,466	12,464	58,926	50,932	28,170	27,053	211,985	210,323
Income Tax Expense	(46,583)	(45,793)	(938)	(4,761)	(22,422)	(19,456)	(10,719)	(10,335)	(80,662)	(80,345)
Profit After Tax	75,841	74,081	1,528	7,703	36,504	31,476	17,451	16,718	131,323	129,978
Segment Assets	13,418,943	10,533,093	22,447	123,904	4,204,468	3,000,861	1,463,098	1,902,730	19,108,956	15,560,588
Segment Liabilities	11,065,361	8,868,284	17,949	100,935	3,650,722	2,733,092	651,177	451,721	15,385,209	12,154,032
* Segment assets include the additions to non current assets	16,205	12,128	(21)	61	4,994	3,260	-	-	21,178	15,449

Interim Financial Statements for the Nine Months Ended 31st December 2018

Notes to the Financial Statements

FINANCIAL REPORTING BY SEGMENTS AS PER PROVISION OF THE SRI LANKA ACCOUNTING STANDARD SLFRS 8

The primary business segment reporting format is determined to be business segment as nature of the products and services provided, with each segment representing a strategic business unit that offers different product and serves different markets

The following table presents financial information regarding business segments:

Business Segments (Rs.'000)

For the Nine Months ended 31st December	Finance Lease		Hire Purchase		Loan & Advances		Other		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Interest	2,033,990	1,585,231	8,354	35,593	632,623	484,105	102,946	95,309	2,777,913	2,200,238
Net Fee and Commission Income	98,865	63,279	165	744	79,631	56,289	3,076	5,402	181,737	125,714
Net Trading Income	-	-	-	-	-	-	1,141	487	1,141	487
Other Operating Income	29,585	13,753	218	1,429	15,638	13,980	7,546	40,771	52,987	69,932
Total Revenue	2,162,440	1,662,263	8,737	37,766	727,891	554,374	114,710	141,968	3,013,778	2,396,371
Interest Expense	(886,711)	(687,532)	(1,483)	(8,088)	(248,826)	(178,999)	(45,749)	(80,295)	(1,182,770)	(954,914)
Depreciation & Amortization	(22,432)	(19,460)	(38)	(229)	(6,295)	(5,066)	-	-	(28,765)	(24,755)
Period S&A	(667,700)	(537,862)	(1,117)	(6,327)	(187,368)	(140,031)	-	-	(856,185)	(684,220)
Allowances for Impairment charges for Loan and Other Losses	(86,535)	(46,087)	1,339	8,786	(70,793)	(79,823)	-	-	(155,989)	(117,124)
Value Added Tax on Financial Services	(128,627)	(78,950)	(215)	(929)	(36,095)	(20,555)	(6,636)	(9,220)	(171,573)	(109,654)
Profit Before Tax	370,434	292,372	7,223	30,980	178,514	129,899	62,324	52,453	618,496	505,704
Income Tax Expense	(137,669)	(109,861)	(2,685)	(11,641)	(64,203)	(47,531)	(25,304)	(20,989)	(229,860)	(190,022)
Profit After Tax	232,766	182,511	4,539	19,339	114,311	82,368	37,020	31,464	388,636	315,682
Segment Assets	13,418,943	10,533,092	22,447	123,904	4,204,468	3,000,861	1,463,098	1,902,730	19,108,956	15,560,588
Segment Liabilities	11,065,361	8,868,284	17,949	100,935	3,650,722	2,733,092	651,177	451,721	15,385,209	12,154,032
* Segment assets include the additions to non current assets	57,308	26,975	96	317	16,082	7,023	-	-	73,486	34,315

Notes to the Financial Statements

- 1 The Interim Financial Statements of the Company have been prepared on the basis of the same accounting policies and methods applied for the year ended 31st March 2018, and are in compliance with Sri Lanka Accounting Standards 34 - 'Interim Financial Reporting'.

2 COMMITMENT & CONTINGENCIES

There are no significant capital commitments which have been approved or contracted for by the company as at 31st December 2018 except following,

2.1 Operating Lease Commitments as at 31st December 2018

Within One Year	Rs. 23.21 million
Between One to Five Years	Rs. 45.31 million
Over Five Years	Rs. 18.29 million

- 2.2 (a) As at 31st December 2018, the Company has provided letters of guarantee totaling to Rs. 1,000,000/- against Fixed Deposits of Rs. 1,000,000/-

- 2.3 (a) During the year of 2017/18, the Commissioner General of Inland Revenue has issued an assessment notice for the year of assessment 2014/15 on Singer Finance (Lanka) PLC pertaining to an additional tax liability on account of disallowing impairment charge. The assessment is for a value Rs. 56.4 million and a penalty of Rs. 28.2 million totalling to Rs. 84.6 million. The Company after carefully reviewing the advice of tax consultant's, is of the opinion that there is no basis for the Company to be made liable, hence, no provision has been made in the financial statements. The Company has appealed against the assessment, requesting the entire tax and penalty be held over pending settlement of the appeal under section 173 (6) of the Inland Revenue Act, No 10 of 2006.

(b) During the year of 2018/19, the Commissioner General of Inland Revenue has issued an assessment notice for the year of assessment 2015/16 on Singer Finance (Lanka) PLC pertaining to an additional tax liability on account of disallowing impairment charge and under estimating tax credits. The assessment is for a value Rs. 43.0 million and a penalty of Rs. 48.8 million totaling to Rs. 91.8 million. The Company after carefully reviewing the advice of tax consultant's, is of the opinion that there is no basis for the Company to be made liable, hence, no provision has been made in the financial statements. The Company has appealed against the assessment, requesting the entire tax and penalty be held over pending settlement of the appeal under section 173 (6) of the Inland Revenue Act, No 10 of 2006.

(c) Under the finance companies (single borrowers limit) direction no 4 of 2006/1, the value of unsecured accommodations granted to and outstanding at any point of time from all borrowers should not exceed 5% of the capital funds as shown in the last audited balance sheet. However as of 31/12/2018, the balance has been exceeded in the credit card product by Rs.414 Mn .

2.3 Assets Pledged as Securities

Company has given a negative pledge amounting to Rs.9,738,130,000 over the Company's Lease receivable and Hire Purchase receivable, for the following banks over Loans, Overdrafts, Securitization & Debentures having a carrying value of Rs. 7,524,800,000 as at 31st December 2018.

			Carrying Value Rs.	Amount Pledged Rs.
Sampath Bank	130% of the Banks's exposure	Loan	1,017,800,000	
		Overdraft Facility	300,000,000	1,779,030,000
Commercial Bank	150% of the Banks's exposure	Overdraft Facility	200,000,000	300,000,000
Seylan Bank	130% of the Banks's exposure	Loan	532,000,000	
		Overdraft Facility	250,000,000	1,016,600,000
Nations Trust Bank	130% of the Banks's exposure	Loan	930,000,000	
		Overdraft Facility	70,000,000	1,300,000,000
Deutsche Bank	110% of the Debenture exposure	Debenture	2,500,000,000	3,100,000,000
Hatton National Bank	130% of the Banks's exposure	Securitization	1,725,000,000	2,242,500,000
			<u>7,524,800,000</u>	<u>9,738,130,000</u>

3 EVENTS AFTER THE REPORTING PERIOD

There have been no material events occurring after the Reporting Period date which require adjustments to or disclosure in the financial statements.

Notes to the Financial Statements

4 LISTED DEBENTURES

Details regarding the listed Debentures are as follows.

	Face Value Rs.	Maturity Date	Interest rate of Comparable Government Securities
1. 9.95% 60 months Debentures Secured	1,500,000,000	16-June-2020	as at 11th June 2015 was 8.35%
2. 11.5% 36 months Debentures Secured	409,300,000	06-April-2019	as at 1st April 2016 was 13%
3. 12% 48 months Debentures Secured	590,700,000	06-April-2020	as at 1st April 2016 was 13%
Interest rate of Comparable Government Securities as at 31st December 2018 was 11.69%			

The Listed Debentures were not traded during the period 01st April 2018 to 31st December 2018. Therefore, Highest Traded price, Lowest Traded Price, Last Traded Price as at 31st December 2018, Interest Yield and Yield to Maturity of trade were not available.

	31-Dec-2018	31-Dec-2017
Debt Equity Ratio	3.69	3.20
Interest Cover	1.52	1.53
Quick Assets Ratio	0.82	0.94
Liquid Asset Ratio	10.43%	18.36%

5 Directors' and CEO's Debenture holding as at 31st December 2018

Name of the Director	No of Debentures 31-Dec-2018	No of Debentures 31-March-2018
Mr. Aravinda Perera (Appointed w.e.f. 2nd October 2017)	-	-
Mr. J.A. Setukavalar	-	-
Mr. Priyath Salgado (Appointed w.e.f. 2nd October 2017)	-	-
Mr. Jayanth Perera (Appointed w.e.f. 2nd October 2017)	-	-
Ms. D. Talpahewa (Appointed w.e.f. 2nd October 2017)	-	-
Mr. L.S. Sadeep Perera (Appointed w.e.f. 2nd October 2017)	-	-
Mr. T.A.Amarasuriya (Chief Executive Officer/Executive Director) (Appointed w.e.f. 1st July 2018)	-	-
Mr. C.A.Samarasinghe (Alternate Director to Mr. D. Talpahewa) (Resigned w.e.f. 31st December 2018)	-	-

6 INFORMATION ON ORDINARY SHARES

a) Stated Capital	31-Dec-2018	31-Dec-2017
Value-Ordinary Shares	Rs.1,996,444,457/-	Rs.1,996,444,457/-
No of Shares-Ordinary Shares	202,074,075	202,074,075
Voting Rights	One Vote per Ordinary Share	One Vote per Ordinary Share
b) On 15th October 2018, Hayleys PLC purchased 9.47% held by Retail Holdings (Sri Lanka) BV in Singer (Sri Lanka) PLC at Rs. 47.00 per share upon Retail Holdings (Sri Lanka) BV exercising their option to sell its shares to Hayleys PLC as agreed previously. Consequent to the aforesaid purchase of shares, Hayleys PLC holds 69.56% of Singer (Sri Lanka) PLC as at 31st October 2018.		

<u>Company</u>	<u>Relationship</u>
Hayleys PLC	Ultimate Parent
Singer (Sri Lanka) PLC	Parent

Notes to the Financial Statements

c) Twenty Largest holders of Shares as at 31st December 2018

Name	No of Shares	%
1 Singer (Sri Lanka) PLC	161,513,035	79.93
2 Employees Trust Fund Board	3,440,878	1.70
3 Associated Electrical Corporation Ltd	2,947,500	1.46
4 Mr. S.R. Mather	1,085,865	0.54
5 Mr. A. M. C. S. Atapattu	838,335	0.41
6 Mr. S. T. Hettige Don	711,000	0.35
7 Mrs. H. G. E. Arumugampillai	684,500	0.34
8 Seylan Bank PLC/ Dr. T. Senthilvel	682,436	0.34
9 United Motors Lanka PLC	679,224	0.34
10 Mr. D. A. S. De Abrew Abeyesinhe	627,448	0.31
11 Hatton National Bank PLC/ Mr. S. A. Lukmanjee	569,867	0.28
12 People's Leasing & Finance PLC/ Hi Line Trading (Pvt) Ltd	528,977	0.26
13 Unimo Enterprises Ltd	521,885	0.26
14 Bank of Ceylon A/C NDB Wealth Growth Fund	516,841	0.26
15 A E C Properties (Pvt) Ltd.	440,000	0.22
16 Hatton National Bank PLC/ A. Sithampalam	420,944	0.21
17 Mercantile Investments and Finance PLC	400,000	0.20
18 Mr. M. A. A. H. Esufally	385,000	0.19
19 Mr. C. Ramachandran/ Miss. E. Ramachandran	365,200	0.18
20 Mr. A. M. Weerasinghe	354,763	0.18
	177,713,698	87.94
Others	24,360,377	12.06
	202,074,075	100.00

d) Directors' and CEO's Shareholding as at 31st December 2018

Name of the Director	Shareholding 31-December-2018 No of Shares	Shareholding 31-March-2018 No of Shares
Mr. Aravinda Perera (Appointed w.e.f. 2nd October 2017)	-	-
Mr. J.A. Setukavalar	-	-
Mr. Priyath Salgado (Appointed w.e.f. 2nd October 2017)	12,224	12,224
Mr. Jayanth Perera (Appointed w.e.f. 2nd October 2017)	-	-
Ms. D. Talpahewa (Appointed w.e.f. 2nd October 2017)	-	-
Mr. L.S. Sadeep Perera (Appointed w.e.f. 2nd October 2017)	-	-
Mr. T.A.Amarasuriya (Chief Executive Officer/Executive Director) (Appointed w.e.f. 1st July 2018)	50,155	50,155
Mr. C.A.Samarasinghe (Alternate Director to Mr. D. Talpahewa) (Resigned w.e.f. 31st December 2018)	-	-

e) Public Holding

	31-Dec-2018	31-Dec-2017
No of Share Holders	6,926	7,067
No of Shares	40,498,661	37,671,262
% of Public Holding	20.04%	18.64%
Float Adjusted Market Capitalization	Rs.562,931,388/-	Rs.564,999,113/-
The Company is Compliant with option 5 of the Listing Rules 7.13.1 (a) - Less than Rs.2.5Bn Float Adjusted Market Capitalization which requires 20% minimum Public Holding		

7 Explanatory Note

Sri Lanka Accounting Standard-SLFRS 9 on "Financial Instruments"

The Sri Lanka Accounting Standard – SLFRS 9 on “Financial Instruments”, which replaces the existing guidance on LKAS 39 on “Financial Instruments: Recognition and Measurement” has become effective for annual reporting periods beginning on or after January 01, 2018. SLFRS 9 replaces the “Incurred Loss Model” in LKAS 39 with forward looking “Expected Loss Model (“ECL”)” which requires considerable judgement over how changes in economic factors affect ECL, which in turn is to be determined on a probability weighted basis. SLFRS 9 also contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed based on their cash flow characteristics.

Based on the “Statement of Alternative Treatment (SoAT) on the Figures in the Interim Financial Statements” issued by The Institute of Chartered Accountants of Sri Lanka entities are granted with the option to prepare Interim Financial Statements continuing the application of LKAS 39 with disclosures on impact to the Income Statement and Statement of Profit or Loss and Other Comprehensive Income for the period if SLFRS 9 has been applied.

Accordingly, as permitted by the above SoAT, the Company has prepared the Interim Financial Statements for the quarter ended December 31, 2018 based on LKAS 39.

Based on the preliminary assessments undertaken to date which is yet to be audited, with the transaction from LKAS 39 incurred loss method to SLFRS 9 expected credit loss method, it is expected 25% - 35% increase in overall impairment provision as at 31st March 2018. The impact of the new classification and measurement approach for financial assets is not expected to be material. The Company is in the process of validating the impact of migration to SLFRS 9 as at 31st December 2018.

8 Information of the Company Secretary

Hayleys Group Services (Pvt) Ltd
TP: 2-627000