

Central Finance Company PLC

Rated A+(Ika) by Fitch Ratings Lanka Ltd.

INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 31ST DECEMBER 2017

**CENTRAL FINANCE COMPANY PLC
CONSOLIDATED INCOME STATEMENT**

For the nine months ended 31st December	Group			Company		
	2017	(Restated) 2016	Increase	2017	(Restated) 2016	Increase
	Unaudited Rs.'000	Unaudited Rs.'000	(decrease) %	Unaudited Rs.'000	Unaudited Rs.'000	(decrease) %
Income	15,107,814	13,344,733	13.21	13,052,644	11,293,010	15.58
Interest income	11,931,267	10,385,346	14.89	11,876,495	10,342,445	14.83
Less: Interest expenses	3,845,114	3,077,710	24.93	3,861,191	3,091,563	24.89
Net interest income	8,086,153	7,307,636	10.65	8,015,304	7,250,882	10.54
Other revenue	2,073,389	2,087,659	(0.68)	-	-	-
Less: cost of sales	1,453,412	1,412,943	2.86	-	-	-
Gross profit	619,977	674,716	(8.11)	-	-	-
Other operating income	578,700	347,693	66.44	579,804	347,693	66.76
Other income	524,458	524,035	0.08	596,345	602,872	(1.08)
	9,809,288	8,854,080	10.79	9,191,453	8,201,447	12.07
Less: Operating expenses						
Personnel expenses	1,395,887	1,256,996	11.05	1,201,970	1,070,430	12.29
Premises, equipment and establishment expenses	1,364,210	1,220,434	11.78	1,314,604	1,163,022	13.03
Employee retirement benefit expenses	147,448	134,341	9.76	129,925	119,900	8.36
Other expenses	681,611	772,881	(11.81)	610,085	717,997	(15.03)
	3,589,156	3,384,652	6.04	3,256,584	3,071,349	6.03
Profit before impairment on loans and other credit losses	6,220,132	5,469,428	13.73	5,934,869	5,130,098	15.69
Less: Impairment on loans and other credit losses	269,910	261,604	3.18	268,765	261,864	2.64
	5,950,222	5,207,824	14.26	5,666,104	4,868,234	16.39
Share of profit of associates	887,644	718,160	23.60	-	-	-
Profit before VAT on financial services, NBT and income tax	6,837,866	5,925,984	15.39	5,666,104	4,868,234	16.39
Less: VAT on financial services and NBT	812,550	584,367	39.05	812,550	583,398	39.28
Profit before income tax	6,025,316	5,341,617	12.80	4,853,554	4,284,836	13.27
Less: Income tax expense	2,025,064	1,721,786	17.61	1,595,300	1,366,122	16.78
Profit after income tax	4,000,252	3,619,831	10.51	3,258,254	2,918,714	11.63
Attributable to equity holders of the parent	3,949,688	3,533,591	11.78	3,258,254	2,918,714	11.63
Attributable to non-controlling interest	50,564	86,240	(41.37)	-	-	-
Net profit for the period	4,000,252	3,619,831	10.51	3,258,254	2,918,714	11.63
Basic and diluted earnings per share - Rs.	18.22	16.30				

The annexed notes form an integral part of these interim financial statements

**CENTRAL FINANCE COMPANY PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the nine months ended 31st December	Group			Company		
	2017	2016	Increase	2017	2016	Increase
	Unaudited Rs.'000	Unaudited Rs.'000	(decrease) %	Unaudited Rs.'000	Unaudited Rs.'000	(decrease) %
Profit for the period	4,000,252	3,619,831	10.51	3,258,254	2,918,714	11.63
Other comprehensive income to be reclassified to income statement						
Fair value changes in available for sale investments						
Equity securities - quoted	65,910	33,023	99.59	65,910	33,023	99.59
	65,910	33,023	99.59	65,910	33,023	99.59
Add / (less): share of other comprehensive income / (losses) of associates	109,089	25,860	321.84	-	-	-
Income tax effect	(30,545)	(7,241)	(321.83)	-	-	-
	78,544	18,619	321.85	-	-	-
Total other comprehensive income to be reclassified to income statement	144,454	51,642	179.72	65,910	33,023	99.59
Other comprehensive income not to be reclassified to income statement						
Actuarial gains / (losses) on defined benefit plans						
Add / (less) share of other comprehensive income / (losses) of associates	(9,385)	4,365	(315.01)	-	-	-
Income tax effect	2,628	(1,222)	315.06	-	-	-
	(6,757)	3,143	(314.99)	-	-	-
Gain on revaluation of land and buildings						
Add / (less) share of other comprehensive income / (losses) of associates	253,525	-	-	-	-	-
Deferred tax charge	(70,987)	-	-	-	-	-
	182,538	-	-	-	-	-
Total other comprehensive income not to be reclassified to income statement	175,781	3,143	5,492.77	-	-	-
Other comprehensive income for the period (net of tax)	320,235	54,785	484.53	65,910	33,023	99.59
Total comprehensive income for the period	4,320,487	3,674,616	17.58	3,324,164	2,951,737	12.62
Attributable to equity holders of the parent	4,269,923	3,588,376	18.99	3,324,164	2,951,737	12.62
Attributable to non-controlling interest	50,564	86,240	(41.37)	-	-	-
Total comprehensive income for the period	4,320,487	3,674,616	17.58	3,324,164	2,951,737	12.62

The annexed notes form an integral part of these interim financial statements

**CENTRAL FINANCE COMPANY PLC
CONSOLIDATED INCOME STATEMENT**

For the three months ended 31st December	Group			Company		
	2017 Unaudited Rs.'000	(Restated) 2016 Unaudited		2017 Unaudited Rs.'000	(Restated) 2016 Unaudited	
		Increase (decrease) %	Increase (decrease) %			
Income	5,163,537	4,625,458	11.63	4,462,100	3,892,747	14.63
Interest income	4,100,709	3,568,755	14.91	4,081,539	3,552,282	14.90
Less: Interest expenses	1,339,305	1,095,219	22.29	1,345,544	1,099,038	22.43
Net interest income	2,761,404	2,473,536	11.64	2,735,995	2,453,244	11.53
Other revenue	687,250	718,036	(4.29)	-	-	-
Less: cost of sales	462,357	494,519	(6.50)	-	-	-
Gross profit	224,893	223,517	0.62	-	-	-
Other operating income	209,149	130,196	60.64	210,071	130,196	61.35
Other income	166,429	208,471	(20.17)	170,490	210,269	(18.92)
	3,361,875	3,035,720	10.74	3,116,556	2,793,709	11.56
Less: Operating expenses						
Personnel expenses	462,496	418,879	10.41	399,437	354,862	12.56
Premises, equipment and establishment expenses	469,961	428,036	9.79	453,426	394,296	15.00
Employee retirement benefit expenses	49,402	45,302	9.05	43,425	40,500	7.22
Other expenses	116,864	262,367	(55.46)	87,273	260,328	(66.48)
	1,098,723	1,154,584	(4.84)	983,561	1,049,986	(6.33)
Profit before impairment on loans and other credit losses	2,263,152	1,881,136	20.31	2,132,995	1,743,723	22.32
Less: Impairment on loans and other credit losses	136,439	61,177	123.02	135,545	61,285	121.17
	2,126,713	1,819,959	16.85	1,997,450	1,682,438	18.72
Share of profit of associates	305,011	267,790	13.90	-	-	-
Profit before VAT on financial services, NBT and income tax	2,431,724	2,087,749	16.48	1,997,450	1,682,438	18.72
Less: VAT on financial services and NBT	284,389	212,001	34.15	284,389	211,362	34.55
Profit before income tax	2,147,335	1,875,748	14.48	1,713,061	1,471,076	16.45
Less: Income tax expense	709,854	657,793	7.91	562,373	537,759	4.58
Profit after income tax	1,437,481	1,217,955	18.02	1,150,688	933,317	23.29
Attributable to equity holders of the parent	1,417,122	1,192,061	18.88	1,150,688	933,317	23.29
Attributable to non-controlling interest	20,359	25,894	(21.38)	-	-	-
Net profit for the period	1,437,481	1,217,955	18.02	1,150,688	933,317	23.29
Basic and diluted earnings per share - Rs.	6.54	5.50				

The annexed notes form an integral part of these interim financial statements

**CENTRAL FINANCE COMPANY PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the three months ended 31st December	Group			Company		
	2017 Unaudited Rs.'000	2016 Unaudited		2017 Unaudited Rs.'000	2016 Unaudited	
		Increase (decrease) %	Increase (decrease) %			
Profit for the period	1,437,481	1,217,955	18.02	1,150,688	933,317	23.29
Other comprehensive income to be reclassified to income statement						
Fair value changes in available for sale investments						
Equity securities - quoted	15,907	12,940	22.93	15,907	12,940	22.93
	15,907	12,940	22.93	15,907	12,940	22.93
Add / (less): share of other comprehensive income / (losses) of associates	(10,158)	(58,921)	82.76	-	-	-
Income tax effect	2,844	16,498	(82.76)	-	-	-
	(7,314)	(42,423)	82.76	-	-	-
Total other comprehensive income to be reclassified to income statement	8,593	(29,483)	129.15	15,907	12,940	22.93
Other comprehensive income not to be reclassified to income statement						
Actuarial gains / (losses) on defined benefit plans						
Add / (less) share of other comprehensive income / (losses) of associates	(9,385)	4,365	(315.01)	-	-	-
Income tax effect	2,628	(1,222)	315.06	-	-	-
	(6,757)	3,143	(314.99)	-	-	-
Gain on revaluation of land and buildings	253,525	-	-	-	-	-
Deferred tax charge	(70,987)	-	-	-	-	-
	182,538	-	-	-	-	-
Total other comprehensive income not to be reclassified to income statement	175,781	3,143	5,492.78	-	-	-
Other comprehensive income for the period (net of tax)	184,374	(26,340)	799.98	15,907	12,940	22.93
Total comprehensive income for the period	1,621,855	1,191,615	36.11	1,166,595	946,257	23.29
Attributable to equity holders of the parent	1,601,496	1,165,721	37.38	1,166,595	946,257	23.29
Attributable to non-controlling interest	20,359	25,894	(21.38)	-	-	-
Total comprehensive income for the period	1,621,855	1,191,615	36.11	1,166,595	946,257	23.29

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CENTRAL FINANCE COMPANY PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at	Group			Company		
	31.12.2017	31.03.2017	31.03.2016	31.12.2017	31.03.2017	31.03.2016
	Unaudited	(Restated)	(Restated)	Unaudited	(Restated)	(Restated)
	Rs.'000	Rs.000	Rs.000	Rs.'000	Rs.'000	Rs.'000
ASSETS						
Cash and cash equivalents	832,839	516,267	536,914	794,556	459,940	479,696
Fair value through profit or loss financial assets	250,825	106,143	39,992	228,723	96,125	33,760
Tax receivables	4,831	1,775	1,774	-	-	-
Trade and other receivables	1,106,770	982,218	1,111,758	419,815	309,749	361,917
Available for sale investments	312,741	246,773	234,820	306,411	240,443	228,326
Inventories and other stocks	1,350,242	1,275,049	1,191,974	748,647	679,714	706,605
Securities bought under repurchase agreements	2,942,019	2,949,728	2,787,948	2,942,019	2,949,728	2,787,948
Loans and receivables from banks	1,254,341	911,394	828,114	1,248,436	905,818	822,952
Loans and receivables from others	1,161,208	1,063,880	968,679	268,810	398,326	465,932
Loans and receivables from customers	7,101,574	6,968,950	4,400,698	7,092,526	7,067,199	4,562,610
Net investment in leases and hire purchase	60,908,457	57,165,731	55,335,269	60,908,457	57,165,731	55,321,442
Investments in real estate	55,441	65,051	37,549	55,441	65,051	30,874
Investment property	-	-	41,250	-	-	-
Investments in associates	4,847,332	4,075,059	3,537,114	709,012	523,458	523,458
Investments in subsidiaries	-	-	-	306,456	306,456	620,964
Deferred tax asset	12,191	11,920	11,789	-	-	-
Property, plant and equipment	8,341,706	7,134,854	5,925,833	7,055,502	5,921,176	4,620,447
Intangible assets	88,762	100,366	106,099	87,666	99,963	105,392
Total assets	90,571,279	83,575,158	77,097,574	83,172,477	77,188,877	71,672,323
LIABILITIES						
Bank overdrafts	623,064	1,059,332	670,937	597,322	1,047,908	666,082
Tax payables	923,213	889,101	902,654	889,160	834,693	818,267
Trade and other payables	1,757,514	1,642,932	1,553,875	1,430,499	1,292,203	1,195,719
Amounts due to subsidiaries	-	-	-	171,917	187,987	172,922
Derivative financial instruments	-	-	61	-	-	61
Short term borrowings	642,851	1,845,352	1,194,407	401,546	1,699,196	1,194,407
Deposits	40,239,113	35,527,936	34,299,143	40,458,817	35,707,147	34,483,812
Long term borrowings	5,200	5,425	-	-	-	-
Debentures	5,909,793	6,140,818	6,638,981	5,909,793	6,140,818	6,638,981
Employee benefit obligations	1,120,745	995,545	927,335	1,005,045	875,120	818,566
Deferred tax liability	4,052,398	3,755,583	3,276,382	3,974,928	3,690,053	3,210,747
Total liabilities	55,273,891	51,862,024	49,463,775	54,839,027	51,475,125	49,199,564
SHAREHOLDERS' FUNDS						
Stated capital	1,337,564	1,337,564	568,420	1,337,564	1,337,564	568,420
Capital reserves	2,689,281	2,510,631	2,509,879	1,916,822	1,919,787	1,930,651
Reserve fund	1,599,000	1,599,000	1,396,000	1,599,000	1,599,000	1,396,000
Available for sale reserve	174,202	29,748	91	132,681	66,771	54,325
Loan loss reserve	920,000	-	-	920,000	-	-
Revenue reserves	27,674,655	25,352,251	22,303,590	22,427,383	20,790,630	18,523,363
Funds attributable to equity holders of the parent	34,394,702	30,829,194	26,777,980	28,333,450	25,713,752	22,472,759
Non-controlling interest	902,686	883,940	855,819	-	-	-
	35,297,388	31,713,134	27,633,799	28,333,450	25,713,752	22,472,759
Total liabilities, shareholders' funds and non-controlling interest	90,571,279	83,575,158	77,097,574	83,172,477	77,188,877	71,672,323
Net asset value per share - Rs.	158.68	142.23	123.54	130.71	118.63	103.68

I certify that the financial statements comply with the requirements of the Companies Act No.07 of 2007.



U. B. Elangasinha
Chief Financial Officer

The Board of directors is responsible for the preparation and presentation of these interim financial statements.
Approved and signed for and on behalf of the Board.



E. H. Wijenaik
Managing Director

07th February 2018



G. S. N. Peiris
Director (Finance)

The annexed notes form an integral part of these interim financial statements

CENTRAL FINANCE COMPANY PLC
STATEMENT OF CHANGES IN EQUITY

Group equity statement for the nine months ended 31st December 2017	Attributable to equity holders of the company								Total
	Stated capital	Revaluation reserve	Reserve fund	Available for sale reserve	Loan loss reserve	General reserves	Retained earnings	Non-controlling interest	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Balance as at 1st April 2016 as previously reported	568,420	2,509,879	1,396,000	91	-	19,235,420	3,778,676	855,819	28,344,305
Correction of prior period error on recognition of impairment charges	-	-	-	-	-	-	(710,506)	-	(710,506)
Net profit for the nine months ended 31st December 2016 as previously reported	-	-	-	-	-	-	3,711,032	86,240	3,797,272
Correction of prior period error on recognition of impairment charges	-	-	-	-	-	-	(177,441)	-	(177,441)
Net profit for the nine months ended 31st December 2016 (restated)	-	-	-	-	-	-	3,533,591	86,240	3,619,831
Other comprehensive income	-	-	-	51,642	-	-	3,143	-	54,785
Total comprehensive income for the nine months ended 31st December 2016 (restated)	-	-	-	51,642	-	-	3,536,734	86,240	3,674,616
Depreciation on revaluation surplus	-	(3,339)	-	-	-	-	3,339	-	-
Reversal of revaluation surplus on disposal of land	-	(3,921)	-	-	-	-	-	-	(3,921)
Capitalisation of reserves on scrip issue of shares	769,144	-	-	-	-	(769,144)	-	-	-
Withholding tax on scrip issue of shares	-	-	-	-	-	(84,319)	-	-	(84,319)
Unclaimed dividends written back	-	-	-	-	-	-	79	80	159
Dividends for the year ended 31st March 2016	-	-	-	-	-	-	(314,650)	(49,382)	(364,032)
Dividends for the year ended 31st March 2017	-	-	-	-	-	-	(325,138)	-	(325,138)
Balance as at 31st December 2016	1,337,564	2,502,619	1,396,000	51,733	-	18,381,957	5,968,534	892,757	30,531,164
Balance as at 1st April 2017 as previously reported	1,337,564	2,510,631	1,599,000	29,748	-	21,643,957	4,560,390	883,940	32,565,230
Impact on correction of prior period error on recognition of impairment charges	-	-	-	-	-	-	(852,096)	-	(852,096)
Net profit for the nine months ended 31st December 2017	-	-	-	-	-	-	3,708,294	883,940	31,713,134
Other comprehensive income	-	182,538	-	144,454	-	-	(6,757)	-	320,235
Total comprehensive income for the nine months ended 31st December 2017	-	182,538	-	144,454	-	-	3,942,931	50,564	4,320,487
Depreciation on revaluation surplus	-	(3,888)	-	-	-	-	3,888	-	-
Transfers during the period	-	-	-	-	920,000	(920,000)	-	-	-
Unclaimed dividends written back	-	-	-	-	-	-	51	51	102
Dividends for the year ended 31st March 2017	-	-	-	-	-	-	(184,245)	(31,869)	(216,114)
Dividends for the year ending 31st March 2018	-	-	-	-	-	-	(520,221)	-	(520,221)
Balance as at 31st December 2017	1,337,564	2,689,281	1,599,000	174,202	920,000	20,723,957	6,950,698	902,686	35,297,388

Company equity statement for the nine months ended 31st December 2017	Stated capital	Revaluation reserve	Reserve fund	Available for sale reserve	Loan loss reserve	General reserve	Retained earnings	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1st April 2016 as previously reported	568,420	1,930,651	1,396,000	54,325	-	19,224,239	9,630	23,183,265
Correction of prior period error on recognition of impairment charges	-	-	-	-	-	-	(710,506)	(710,506)
	568,420	1,930,651	1,396,000	54,325	-	19,224,239	(700,876)	22,472,759
Net profit for the nine months ended 31st December 2016 as previously reported	-	-	-	-	-	-	3,096,155	3,096,155
Correction of prior period error on recognition of impairment charges	-	-	-	-	-	-	(177,441)	(177,441)
Net profit for the nine months ended 31st December 2016 (restated)	-	-	-	-	-	-	2,918,714	2,918,714
Other comprehensive income	-	-	-	33,023	-	-	-	33,023
Total comprehensive income for the nine months ended 31st December 2016 (restated)	-	-	-	33,023	-	-	2,918,714	2,951,737
Depreciation on revaluation surplus	-	(2,965)	-	-	-	-	2,965	-
Reversal of revaluation surplus on disposal of land	-	(3,921)	-	-	-	-	-	(3,921)
Capitalisation of reserves on scrip issue of shares	769,144	-	-	-	-	(769,144)	-	-
Withholding tax on scrip issue of shares	-	-	-	-	-	(84,319)	-	(84,319)
Dividends for the year ended 31st March 2016	-	-	-	-	-	-	(314,650)	(314,650)
Dividends for the year ended 31st March 2017	-	-	-	-	-	-	(325,138)	(325,138)
Balance as at 31st December 2016	1,337,564	1,923,765	1,396,000	87,348	-	18,370,776	1,581,015	24,696,468
Balance as at 1st April 2017 as previously reported	1,337,564	1,919,787	1,599,000	66,771	-	21,632,776	9,950	26,565,848
Impact on correction of error on recognition of impairment charges	-	-	-	-	-	-	(852,096)	(852,096)
	1,337,564	1,919,787	1,599,000	66,771	-	21,632,776	(842,146)	25,713,752
Net profit for the nine months ended 31st December 2017	-	-	-	-	-	-	3,258,254	3,258,254
Other comprehensive income	-	-	-	65,910	-	-	-	65,910
Total comprehensive income for the nine months ended 31st December 2017	-	-	-	65,910	-	-	3,258,254	3,324,164
Depreciation on revaluation surplus	-	(2,965)	-	-	-	-	2,965	-
Transfers during the period	-	-	-	-	920,000	(920,000)	-	-
Dividends for the year ended 31st March 2017	-	-	-	-	-	-	(184,245)	(184,245)
Dividends for the year ending 31st March 2018	-	-	-	-	-	-	(520,221)	(520,221)
Balance as at 31st December 2017	1,337,564	1,916,822	1,599,000	132,681	920,000	20,712,776	1,714,607	28,333,450
The annexed notes form an integral part of these interim financial statements								
Figures in brackets indicate deductions								

CENTRAL FINANCE COMPANY PLC
CASH FLOW STATEMENT

For the nine months ended 31st December	Group		Company	
	2017	2016	2017	2016
	Unaudited Rs.'000	Unaudited Rs.'000	Unaudited Rs.'000	Unaudited Rs.'000
Cash flows from operating activities				
Interest receipts	10,710,557	9,483,767	10,689,017	9,481,498
Interest payments	(1,645,863)	(1,351,070)	(1,661,058)	(1,361,892)
Recoveries on bad debts previously written off	95,903	128,045	95,903	128,045
Receipts from other operating activities	4,771,769	4,398,734	758,886	439,564
Cash payments to employees and suppliers	(6,240,644)	(6,106,286)	(2,521,667)	(2,496,428)
Operating profit before changes in operating assets	7,691,722	6,553,190	7,361,081	6,190,787
(Increase) / decrease in operating assets:				
Securities bought under repurchase agreements and receivables from banks	(314,472)	-	(314,472)	-
Loans to customers	(27,173,018)	(25,022,004)	(27,173,018)	(25,075,004)
Recoveries from customers	24,820,417	23,060,655	24,927,905	23,167,232
Others	(2,333,303)	(1,537,052)	(2,306,180)	(1,534,053)
Increase / (decrease) in operating liabilities:				
Net cash effect on deposits	3,383,619	211,591	3,424,485	209,082
Net cash from operating activities before income tax	6,074,965	3,266,380	5,919,801	2,958,044
Income tax paid	(1,310,353)	(1,251,136)	(1,219,088)	(1,118,202)
Net cash inflow from operating activities	4,764,612	2,015,244	4,700,713	1,839,842
Cash flows from investing activities				
Dividends received from subsidiaries and associates	23,679	113,744	48,575	102,861
Dividends received from other companies	22,120	11,746	19,996	8,754
Investments in fixed deposits	(480,500)	(24,600)	-	-
Investments in unit trusts	(14,980)	(98,450)	-	-
Investments in associates	-	-	(185,554)	-
Investments in debentures	-	(226,750)	-	-
Divestment of unit trusts	5,600	146,515	-	-
Divestment of fixed deposits	282,989	13,801	-	-
Purchase of property, plant and equipment	(1,568,752)	(1,014,203)	(1,453,401)	(955,474)
Disposal of property, plant and equipment	57,609	52,627	57,567	49,739
Net cash outflow from investing activities	(1,672,235)	(1,025,570)	(1,512,817)	(794,120)
Cash flows from financing activities				
Borrowings	6,653,466	3,972,880	5,985,000	3,840,000
Repayment of borrowings	(8,343,542)	(4,553,415)	(7,770,000)	(4,525,000)
Unclaimed dividends written back	102	159	-	-
Dividends paid to equity holders of the parent	(617,694)	(496,065)	(617,694)	(496,065)
Dividends paid to non-controlling interest	(31,869)	(49,382)	-	-
Net cash outflow from financing activities	(2,339,537)	(1,125,823)	(2,402,694)	(1,181,065)
Net increase / (decrease) in cash and cash equivalents	752,840	(136,149)	785,202	(135,343)
Cash and cash equivalents at the beginning of the period	(543,065)	(134,023)	(587,968)	(186,386)
Cash and cash equivalents at the end of the period	209,775	(270,172)	197,234	(321,729)
Analysis of cash and cash equivalents				
Cash in hand and at banks	832,839	634,618	794,556	573,569
Bank overdrafts	(623,064)	(904,790)	(597,322)	(895,298)
Cash and cash equivalents at the end of the period	209,775	(270,172)	197,234	(321,729)
Movement of borrowings (short term, long term loans and debentures)				
Balance at the beginning of the period	7,991,595	7,833,388	7,840,014	7,833,388
Amount borrowed during the period	6,653,466	3,972,880	5,985,000	3,840,000
Capital repaid during the period	(8,343,542)	(4,553,415)	(7,770,000)	(4,525,000)
Amortised interest payable	256,325	274,025	256,325	274,025
Balance at the end of the period	6,557,844	7,526,878	6,311,339	7,422,413

Figures in brackets indicate outflows.

The annexed notes form an integral part of these interim financial statements

CENTRAL FINANCE COMPANY PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

1 The interim financial statements of the Company and the Group have been prepared in accordance with the accounting policies set out in the Annual Report for the year ended 31st March 2017 and provide the information as required by the Colombo Stock Exchange and LKAS 34-Interim Financial Reporting.

2 The presentation and classification of the previous period has been amended where relevant for better presentation and to be comparable with those of the current period.

3 Stated capital is represented by number of shares in issue as given below:

	As at 31.12.2017	As at 30.09.2017
Ordinary shares	216,758,888	216,758,888

4 Market price per share

	Quarter ended 31.12.2017 Rs.	Quarter ended 30.09.2017 Rs.
Highest	102.00	91.00
Lowest	84.00	84.50
Last traded	92.30	86.00

5 Number of shares held by individual Directors are as follows:

	As at 31.12.2017	As at 30.09.2017
C. L. K. P. Jayasuriya	Nil	Nil
E. H. Wijenaik	33,405,854	33,405,854
G. S. N. Peiris	3,778,213	3,778,213
R. E. Rambukwelle	2,028,779	2,035,473
A. K. Gunaratne	1,726,233	1,726,233
D. P. de Silva	214,623	214,623
S. C. S. Wickramasinghe	Nil	Nil
A. D. B. Talwatte	Nil	Nil
Dr. (Mrs). A. D. N. de Zoysa	Nil	Nil
A. R. Fernando	Nil	Nil

6 Twenty largest shareholders of the Company are as follows:

	As at 31.12.2017		As at 30.09.2017	
	Number of shares	%	Number of shares	%
1 Corporate Services (Pvt) Ltd. A/C No.01	34,917,287	16.11	34,917,287	16.11
2 E. H. Wijenaik	33,405,854	15.41	33,405,854	15.41
3 Employees Provident Fund	23,280,525	10.74	23,280,525	10.74
4 Thurston Investments Limited	12,622,582	5.82	12,622,582	5.82
5 A. J. Wijenaik	6,760,804	3.12	6,760,804	3.12
6 N. W. Wijegoonawardene	4,468,863	2.06	4,468,863	2.06
7 The Ceylon Investment PLC A/C No.02	3,842,855	1.77	2,410,136	1.11
8 J. B. Cocoshell (Pvt) Ltd.	3,821,098	1.76	3,821,098	1.76
9 G. S. N. Peiris	3,778,213	1.74	3,778,213	1.74
10 B. P. De Silva Holdings (Pte) Ltd.	3,622,660	1.67	3,622,660	1.67
11 The Ceylon Guardian Investment Trust PLC A/C No.02	3,403,405	1.57	2,013,107	0.93
12 C. R. Dunuwille	2,787,069	1.29	2,787,069	1.29
13 N. M. Gunawardana	2,687,382	1.24	2,687,382	1.24
14 P. R. Munasinha	2,535,759	1.17	2,535,759	1.17
15 Employees Trust Fund Board	2,263,347	1.04	2,263,347	1.04
16 P. M. Wijenaik	2,100,105	0.97	2,100,105	0.97
17 Deutsche Bank AG -National Equity Fund	2,049,373	0.95	2,049,373	0.95
18 R. E. Rambukwelle	2,028,779	0.94	2,035,473	0.94
19 C. Kiriella	2,000,287	0.92	2,000,287	0.92
20 S. K. Wedande	1,761,480	0.81	1,760,480	0.81

CENTRAL FINANCE COMPANY PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

7 Information on listed debentures

7.1 Market value and traded yield

Quarter ended 31.12.2017

	Market value			Traded yield (%)		
	Highest Rs.	Lowest Rs.	Last traded Rs.	Highest	Lowest	Last traded
Debentures issued on 17th June 2013 (issue price -Rs.1,000/-)						
5 year fixed rate (14.75 % p.a.payable quarterly)	N/T	N/T	N/T	-	-	-
Debentures issued on 12th December 2013 (issue price -Rs.100/-)						
5 year fixed rate (13.50 % p.a.payable semi-annually)	100.23	98.50	100.23	13.25	15.14	13.25
5 year fixed rate (13.95 % p.a.payable annually)	N/T	N/T	N/T	-	-	-
Debentures issued on 01st June 2015 (issue price -Rs.100/-)						
3 year fixed rate (8.35 % p.a.payable semi-annually)	N/T	N/T	N/T	-	-	-
4 year fixed rate (9.00 % p.a.payable semi-annually)	N/T	N/T	N/T	-	-	-
5 year fixed rate (9.52 % p.a.payable annually)	N/T	N/T	N/T	-	-	-

Quarter ended 30.09.2017

Debentures issued on 17th June 2013 (issue price -Rs.1,000/-)						
5 year fixed rate (14.75 % p.a.payable quarterly)	N/T	N/T	N/T	-	-	-
Debentures issued on 12th December 2013 (issue price -Rs.100/-)						
4 year fixed rate (13.25 % p.a.payable semi-annually)	N/T	N/T	N/T	-	-	-
5 year fixed rate (13.50 % p.a.payable semi-annually)	98.00	98.00	98.00	15.31	15.31	15.31
5 year fixed rate (13.95 % p.a.payable annually)	N/T	N/T	N/T	-	-	-
Debentures issued on 01st June 2015 (issue price -Rs.100/-)						
3 year fixed rate (8.35 % p.a.payable semi-annually)	N/T	N/T	N/T	-	-	-
4 year fixed rate (9.00 % p.a.payable semi-annually)	N/T	N/T	N/T	-	-	-
5 year fixed rate (9.52 % p.a.payable annually)	N/T	N/T	N/T	-	-	-

N/T- not traded during the quarter

7.2 Yield to maturity of last trade done during the quarter (%)

	Quarter ended 31.12.2017	Quarter ended 30.09.2017
Debentures issued on 12th December 2013 (issue price -Rs.100/-)		
5 year fixed rate (13.50 % p.a.payable semi-annually)	20.20%	17.77%

7.3 Yield of comparable government securities (%)

	As at 31.12.2017	As at 30.09.2017
03 year treasury bonds	9.51%	9.70%
04 year treasury bonds	9.74%	9.89%
05 year treasury bonds	10.03%	9.89%

Debt related ratios

	As at 31.12.2017	As at 30.09.2017
Debt/equity ratio (times)	1.67	1.62
Quick assets ratio (%)	80.59	81.89
Interest cover (times)	2.26	2.47

CENTRAL FINANCE COMPANY PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

8 Public holding	As at	As at
	31.12.2017	30.09.2017
% public holding	59.92	59.92
Number of shareholders	2,978	3,029

9 Contingent liabilities	As at	As at
	31.12.2017	30.09.2017
	Rs.000	Rs.000
Guarantees issued		
Guarantees issued on behalf of depositors, fully secured on their deposits	25,515	25,515
Letter of credit facilities	12,852	11,832
Other guarantees	10,015	10,015
	48,382	47,362

10 Interest expenses of the group other than the parent & Isuru Leasing Company Ltd., which was a subsidiary company up to its amalgamation on 28.02.2017 are categorised under other expenses.

11 Retrospective Restatement of Impairment Provisions

During the quarter ended December 2017, the Company noted that losses incurred in prior years had not been sufficiently factored in when determining loss given default ratios (LGD). This was in respect of :

1. Contracts where assets were repossessed and which were in arrears for up to 6 months
2. Contracts in arrears for more than 24 months

Due to the above, the LGD ratios had been understated resulting in recognition of lower impairment provisions for lease receivables during prior reporting periods. The Company has now taken measures to consider the relevant incurred losses not yet realized into the LGD ratio calculations and has restated the impairment provisions for lease receivables in line with LKAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors).

Impact to the financial statement is as follows:

	Group		Company	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	Rs.000	Rs.000	Rs.000	Rs.000
Statement of financial position				
Net investment in leases and hire purchase receivables as previously reported	58,017,827	56,045,775	58,017,827	56,031,948
Effect due to correction	<u>(852,096)</u>	<u>(710,506)</u>	<u>(852,096)</u>	<u>(710,506)</u>
	<u>57,165,731</u>	<u>55,335,269</u>	<u>57,165,731</u>	<u>55,321,442</u>
Revenue reserves as previously reported	26,204,347	23,014,096	21,642,726	19,233,869
Effect due to correction	<u>(852,096)</u>	<u>(710,506)</u>	<u>(852,096)</u>	<u>(710,506)</u>
	<u>25,352,251</u>	<u>22,303,590</u>	<u>20,790,630</u>	<u>18,523,363</u>

	Group			Company		
	Nine months ended 31.12.2016			Nine months ended 31.12.2016		
	Rs.000			Rs.000		
	Previously reported	Effect due to correction	Impact to profitability	Previously reported	Effect due to correction	Impact to profitability
Consolidated income statement						
Impairment on loans and other credit losses	84,163	177,441	(177,441)	84,423	177,441	(177,441)
Basic and diluted earnings per share (Rs.)	17.12	(0.82)	16.30	-	-	-

12 Rights issue of shares convertible non-voting shares -Nations Trust Bank PLC (NTB)

The Company subscribed to 7,002,504 shares (including 3,000,000 additional shares), consequent to the Rights issue of 04 shares for 23 ordinary shares as announced by NTB due to the introduction of Basel iii.

13 According to the best of the knowledge and belief of the Directors, there have been no other events subsequent to this interim period, which require adjustments to or disclosure in the interim Financial Statements at the time of the issue of these financial statements to the shareholders.

BUSINESS SEGMENT INFORMATION																		
For the nine months ended 31st December																		
	Leasing, hire purchase and other advances		Medical services		Power generation		Manufacturing		Insurance broking		Investments		Real estate		Intra segmental adjustments		Total	
All figures in Rs.000	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue																		
Interest income	11,531,144	10,026,813	10,288	4,144	-	-	1,175	3,502	42,756	25,478	343,151	322,047	2,753	3,362	-	-	11,931,267	10,385,346
Other revenue	-	-	87,808	92,590	57,423	48,149	1,695,727	1,736,104	232,431	210,816	-	-	-	-	-	-	2,073,389	2,087,659
Other operating income	578,700	347,693	-	-	-	-	-	-	-	-	-	-	-	-	-	-	578,700	347,693
Other income	486,926	509,134	276	368	-	-	1,857	1,271	159	970	238,428	35,412	6,996	3,080	(210,184)	(26,200)	524,458	524,035
Income from external customers	12,596,770	10,883,640	98,372	97,102	57,423	48,149	1,698,759	1,740,877	275,346	237,264	581,579	357,459	9,749	6,442	(210,184)	(26,200)	15,107,814	13,344,733
Inter - segment income	29,104	23,457	1	1,525	7,210	5,602	5	108	4,989	11,661	64,700	74,817	29,435	26,736	(135,444)	(143,906)	-	-
Total income	12,625,874	10,907,097	98,373	98,627	64,633	53,751	1,698,764	1,740,985	280,335	248,925	646,279	432,276	39,184	33,178	(345,628)	(170,106)	15,107,814	13,344,733
Expenses																		
Interest expenses	3,616,626	2,898,188	-	-	-	-	-	-	-	-	225,566	177,529	2,922	1,993	-	-	3,845,114	3,077,710
Depreciation & amortisation	356,579	278,832	7,071	7,281	2,899	2,899	30,145	28,979	880	1,053	-	-	1,860	1,860	-	-	399,434	320,904
Cost of sales	-	-	34,400	35,397	14,540	14,418	1,376,803	1,338,901	-	-	-	-	-	-	-	-	1,425,743	1,388,716
Impairment on loans and other credit losses	268,765	262,029	-	-	-	-	1,145	(425)	-	-	-	-	-	-	-	-	269,910	261,604
Other operating and administrative expenses	2,872,832	2,772,716	40,961	41,617	3,185	2,638	216,968	189,126	77,005	78,216	2,308	223	4,132	3,439	-	-	3,217,391	3,087,975
	7,114,802	6,211,765	82,432	84,295	20,624	19,955	1,625,061	1,556,581	77,885	79,269	227,874	177,752	8,914	7,292	-	-	9,157,592	8,136,909
Inter - segment expenses	43,862	42,573	-	-	-	-	182	59	17,256	7,255	10,777	11,886	-	-	(72,077)	(61,773)	-	-
Total expenses	7,158,664	6,254,338	82,432	84,295	20,624	19,955	1,625,243	1,556,640	95,141	86,524	238,651	189,638	8,914	7,292	(72,077)	(61,773)	9,157,592	8,136,909
Segment results	5,467,210	4,652,759	15,941	14,332	44,009	33,796	73,521	184,345	185,194	162,401	407,628	242,638	30,270	25,886	(273,551)	(108,333)	5,950,222	5,207,824
Share of profit of associates																	887,644	718,160
Profit before VAT on financial services, NBT and income tax																	6,837,866	5,925,984
Less: VAT on financial services and NBT																	812,550	584,367
Profit before income tax																	6,025,316	5,341,617
Less: Income tax expense																	2,025,064	1,721,786
Profit after income tax																	4,000,252	3,619,831
Non-controlling interest																	50,564	86,240
Profit attributable to equity holders of the parent																	3,949,688	3,533,591

CORPORATE INFORMATION

NAME OF COMPANY

Central Finance Company PLC

LEGAL FORM

A Quoted Public Company with limited liability incorporated in Sri Lanka on 5th December 1957 and registered under the Companies Act No.07 of 2007.

Registered under Finance Business Act No.42 of 2011 and Finance Leasing Act No.56 of 2000.

Approved Credit Agency under:

- Mortgage Act No.6 of 1949
- Trust Receipt Ordinance No.12 of 1947

COMPANY REGISTRATION NUMBER

PQ 67

DIRECTORS

C. L. K. P. Jayasuriya	- Non - executive Director / Chairman
E. H. Wijenaik	- Managing Director/Chief Executive Officer
G. S. N. Peiris	- Director (Finance)
R. E. Rambukwelle	- Director (Marketing and Operations)
A. K. Gunaratne	- Director (Group Co-ordination)
D. P. de Silva	- Director (Credit)
S. C. S. Wickramasinghe	- Independent Non - executive Director
A. D. B. Talwatte	- Independent Non - executive Director
Dr. (Mrs). A. D. N. de Zoysa	- Independent Non - executive Director
A. R. Fernando	- Independent Non - executive Director

STOCK EXCHANGE LISTING

The ordinary shares of the Company, the Rated Unsecured Redeemable Debentures issued in June 2013 and the Rated Secured Redeemable Debentures issued in December 2013 and June 2015 are listed on the Colombo Stock Exchange.

HEAD / REGISTERED OFFICE

84, Raja Veediya, Kandy.

Telephone : 081 - 2227000

Facsimile : 081 - 2232047

CITY OFFICE

270, Vauxhall Street, Colombo 2.

Telephone : 011 - 2300555

Facsimile : 011 - 2300441

E-mail : cenfin@cf.lk

Website : www.centralfinance.lk

BRANCH OFFICES

Akuressa, Alawwa, Aluthgama, Ambalangoda, Ampara, Anuradhapura, Aralaganwila, Avissawella, Badulla, Bakamuna, Balangoda, Bandaragama, Bandarawela, Batticaloa, Chilaw, Dambulla, Dehiattakandiya, Digana, Divulapitiya, Elpitiya, Embilipitiya, Galewela, Galle, Gampaha, Gampola, Giriulla, Godakawela, Hambantota, Hanwella, Hatton, Hingurakgoda, Hiripitiya, Homagama, Horana, Ja-Ela, Jaffna, Kaduwela, Kalmunai, Kalutara, Kantale, Katugastota, Kegalle, Kekirawa, Killinochchi, Kiribathgoda, Kirindiwela, Kuliyaipitiya, Kurunegala, Maharagama, Mahiyanganaya, Maho, Malabe, Mannar, Maradana, Matale, Matara, Matugama, Mawanella, Mawathagama, Melsiripura, Minuwangoda, Mirigama, Monaragala, Narammala, Nawalapitiya, Negombo, Nikaweratiya, Nittambuwa, Nochchiyagama, Nugegoda, Nuwaraeliya, Panadura, Pilimathalawa, Piliyandala, Polonnaruwa, Pottuvil, Puttalam, Ragama, Rambukkana, Ratmalana, Ratnapura, Rikillagaskada, Talawathugoda, Tambuttegama, Tissamaharama, Trincomalee, Vavuniya, Warakapola, Wariyapola, Wattala, Welimada, Wellawaya, Wennappuwa.

BANKERS

Bank of Ceylon
Citibank N.A.
Cargills Bank Limited.
Commercial Bank of Ceylon PLC
Hatton National Bank PLC
NDB Bank PLC
Nations Trust Bank PLC
People's Bank
Sampath Bank PLC
Seylan Bank PLC
Standard Chartered Bank
DFCC Bank PLC

AUDITOR

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Chartered Accountants,
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Colombo 04.

LEGAL ADVISER

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Colombo.

COMPANY SECRETARY

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