

Central Finance Company PLC

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

INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 31ST DECEMBER 2019

CENTRAL FINANCE COMPANY PLC
STATEMENT OF INCOME

For the nine months ended 31st December	Group			Company		
	2019	2018		2019	2018	
	Unaudited	Unaudited	Increase (decrease)	Unaudited	Unaudited	Increase (decrease)
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
Income	19,099,244	17,298,322	10.41	16,198,767	14,861,418	9.00
Interest income	14,813,230	13,665,796	8.40	14,752,637	13,602,058	8.46
Less: Interest expenses	5,059,443	4,379,810	15.52	5,102,143	4,397,743	16.02
Net interest income	9,753,787	9,285,986	5.04	9,650,494	9,204,315	4.85
Other revenue	2,900,775	2,439,650	18.90	-	-	-
Less: Cost of sales	2,071,109	1,734,881	19.38	-	-	-
Gross profit	829,666	704,769	17.72	-	-	-
Other operating income	773,360	748,179	3.37	776,239	750,982	3.36
Other income	611,879	444,697	37.59	669,891	508,378	31.77
	11,968,692	11,183,631	7.02	11,096,624	10,463,675	6.05
Less: Operating expenses						
Personnel expenses	1,773,906	1,633,200	8.62	1,558,730	1,432,613	8.80
Premises, equipment, establishment and other expenses	1,972,922	1,851,916	6.53	1,850,589	1,732,339	6.83
Employee retirement benefit expenses	165,082	160,424	2.90	148,500	144,000	3.13
	3,911,910	3,645,540	7.31	3,557,819	3,308,952	7.52
Profit before impairment on loans and other credit losses	8,056,782	7,538,091	6.88	7,538,805	7,154,723	5.37
Less: Impairments and other credit losses	3,212,903	1,055,717	204.33	3,204,436	1,053,298	204.23
	4,843,879	6,482,374	(25.28)	4,334,369	6,101,425	(28.96)
Share of profit of associates	964,146	946,931	1.82	-	-	-
Profit before VAT on financial services, NBT, debt repayment levy and income tax	5,808,025	7,429,305	(21.82)	4,334,369	6,101,425	(28.96)
Less: VAT on financial services and NBT	712,430	942,391	(24.40)	712,430	942,391	(24.40)
Debt repayment levy	355,937	143,784	147.55	355,937	143,784	147.55
Profit before income tax	4,739,658	6,343,130	(25.28)	3,266,002	5,015,250	(34.88)
Less: Income tax expense	1,577,709	2,130,717	(25.95)	1,112,552	1,670,897	(33.42)
Profit after income tax	3,161,949	4,212,413	(24.94)	2,153,450	3,344,353	(35.61)
Attributable to equity holders of the parent	3,060,900	4,146,057	(26.17)	2,153,450	3,344,353	(35.61)
Attributable to non-controlling interest	101,049	66,356	52.28	-	-	-
Net profit for the period	3,161,949	4,212,413	(24.94)	2,153,450	3,344,353	(35.61)
Basic and diluted earnings per share - Rs.	13.87	18.79				

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

CENTRAL FINANCE COMPANY PLC
STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 31st December	Group			Company		
	2019	2018		2019	2018	
	Unaudited	Unaudited	Increase (decrease)	Unaudited	Unaudited	Increase (decrease)
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
Profit for the period	3,161,949	4,212,413	(24.94)	2,153,450	3,344,353	(35.61)
Other comprehensive income to be reclassified to income statement						
Fair value change in available for sale investments						
Share from associates	-	(3,256)	-	-	-	-
Tax effect thereon	-	912	-	-	-	-
	-	(2,344)	-	-	-	-
Fair value changes in debt securities at fair value through other comprehensive income						
Share from associates	62,006	(54,262)	214.27	-	-	-
Tax effect thereon	(17,362)	15,193	(214.27)	-	-	-
	44,644	(39,069)	214.27	-	-	-
Total other comprehensive income to be reclassified to income statement	44,644	(41,413)	207.80	-	-	-
Other comprehensive income not to be reclassified to income statement						
Actuarial gains/ (losses) on defined benefit plans						
Share from associates	(15,879)	5,301	(399.54)	-	-	-
Tax effect thereon	4,446	(1,484)	399.58	-	-	-
	(11,433)	3,817	(399.52)	-	-	-
Revaluation of land & buildings						
Share from associates	109,387	-	-	-	-	-
Tax effect thereon	(30,628)	-	-	-	-	-
	78,759	-	-	-	-	-
Total other comprehensive income not to be reclassified to income statement	67,326	3,817	1,663.84	-	-	-
Other comprehensive income for the period (net of tax)	111,970	(37,596)	397.83	-	-	-
Total comprehensive income for the period	3,273,919	4,174,817	(21.58)	2,153,450	3,344,353	(35.61)
Attributable to equity holders of the parent	3,172,870	4,108,461	(22.77)	2,153,450	3,344,353	(35.61)
Attributable to non-controlling interest	101,049	66,356	52.28	-	-	-
Total comprehensive income for the period	3,273,919	4,174,817	(21.58)	2,153,450	3,344,353	(35.61)

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

CENTRAL FINANCE COMPANY PLC STATEMENT OF INCOME						
	Group			Company		
For the three months ended 31st December	2019 Unaudited Rs.'000	2018 Unaudited Rs.'000	Increase (decrease) %	2019 Unaudited Rs.'000	2018 Unaudited Rs.'000	Increase (decrease) %
Income	6,392,144	6,039,614	5.84	5,443,697	5,164,278	5.41
Interest income	4,952,415	4,762,374	3.99	4,932,294	4,738,844	4.08
Less: Interest expenses	1,691,640	1,533,565	10.31	1,704,939	1,539,541	10.74
Net interest income	3,260,775	3,228,809	0.99	3,227,355	3,199,303	0.88
Other revenue	917,277	854,842	7.30	-	-	-
Less: cost of sales	640,749	613,276	4.48	-	-	-
Gross profit	276,528	241,566	14.47	-	-	-
Other operating income	255,485	250,722	1.90	256,463	251,680	1.90
Other income	266,967	171,676	55.51	254,940	173,754	46.72
	4,059,755	3,892,773	4.29	3,738,758	3,624,737	3.15
Less: Operating expenses						
Personnel expenses	563,041	591,487	(4.81)	495,938	523,211	(5.21)
Premises, equipment, establishment and other expenses	675,610	668,373	1.08	629,618	628,612	0.16
Employee retirement benefit expenses	55,017	53,489	2.86	49,500	48,000	3.13
	1,293,668	1,313,349	(1.50)	1,175,056	1,199,823	(2.06)
Profit before impairment on loans and other credit losses	2,766,087	2,579,424	7.24	2,563,702	2,424,914	5.72
Less: Impairments and other credit losses	1,293,839	508,540	154.42	1,292,312	508,625	154.08
	1,472,248	2,070,884	(28.91)	1,271,390	1,916,289	(33.65)
Share of profit of associates	363,983	296,007	22.96	-	-	-
Profit before VAT on financial services, NBT, debt repayment levy and income tax	1,836,231	2,366,891	(22.42)	1,271,390	1,916,289	(33.65)
Less: VAT on financial services and NBT	207,652	301,403	(31.10)	207,652	301,403	(31.10)
Debt repayment levy	106,548	143,784	(25.90)	106,548	143,784	(25.90)
Profit before income tax	1,522,031	1,921,704	(20.80)	957,190	1,471,102	(34.93)
Less: Income tax expense	461,700	642,124	(28.10)	326,091	493,131	(33.87)
Profit after income tax	1,060,331	1,279,580	(17.13)	631,099	977,971	(35.47)
Attributable to equity holders of the parent	1,028,012	1,256,869	(18.21)	631,099	977,971	(35.47)
Attributable to non-controlling interest	32,319	22,711	42.31	-	-	-
Net profit for the period	1,060,331	1,279,580	(17.13)	631,099	977,971	(35.47)
Basic and diluted earnings per share - Rs.	4.66	5.70				

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

CENTRAL FINANCE COMPANY PLC STATEMENT OF COMPREHENSIVE INCOME						
	Group			Company		
For the three months ended 31st December	2019 Unaudited Rs.'000	2018 Unaudited Rs.'000	Increase (decrease) %	2019 Unaudited Rs.'000	2018 Unaudited Rs.'000	Increase (decrease) %
Profit for the period	1,060,331	1,279,580	(17.13)	631,099	977,971	(35.47)
Other comprehensive income to be reclassified to income statement						
Fair value change in debt securities at fair value through other comprehensive income						
Share from associates	(12,290)	(54,262)	77.35	-	-	-
Tax effect thereon	3,441	15,193	(77.35)	-	-	-
	(8,849)	(39,069)	77.35	-	-	-
Total other comprehensive income to be reclassified to income statement	(8,849)	(39,069)	77.35	-	-	-
Other comprehensive income not to be reclassified to income statement						
Actuarial gains / (losses) on defined benefit plans						
Share from associates	(3,305)	5,068	(165.21)	-	-	-
Tax effect thereon	925	(1,419)	165.19	-	-	-
	(2,380)	3,649	(165.22)	-	-	-
Revaluation of land & buildings						
Share from associates	109,387	-	-	-	-	-
Tax effect thereon	(30,628)	-	-	-	-	-
	78,759	-	-	-	-	-
Total other comprehensive income not to be reclassified to income statement	76,379	3,649	1,993.15	-	-	-
Other comprehensive income for the period (net of tax)	67,530	(35,420)	290.65	-	-	-
Total comprehensive income for the period	1,127,861	1,244,160	(9.35)	631,099	977,971	(35.47)
Attributable to equity holders of the parent	1,095,542	1,221,449	(10.31)	631,099	977,971	(35.47)
Attributable to non-controlling interest	32,319	22,711	42.31	-	-	-
Total comprehensive income for the period	1,127,861	1,244,160	(9.35)	631,099	977,971	(35.47)

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CENTRAL FINANCE COMPANY PLC
STATEMENT OF FINANCIAL POSITION

As at	Group		Company	
	31.12.2019 Unaudited Rs.'000	31.03.2019 Audited Rs.'000	31.12.2019 Unaudited Rs.'000	31.03.2019 Audited Rs.'000
ASSETS				
Cash in hand and at banks	669,998	740,055	639,856	697,390
Fair value through profit or loss financial assets	3,330,394	564,843	3,086,840	558,482
Trade and other receivables	1,339,765	1,272,695	483,913	456,153
Tax receivables	1,094	391	-	-
Inventories and other stocks	1,045,428	978,258	133,387	381,363
Securities bought under repurchase agreements	3,577,316	3,289,551	3,577,316	3,289,551
Loans and receivables from banks	2,798,143	1,447,867	2,793,091	1,441,839
Loans and receivables from others	2,121,389	593,140	1,537,049	38,715
Loans and receivables from customers	4,421,242	5,996,253	4,420,903	5,986,999
Net investment in leases and hire purchase	74,496,636	75,751,083	74,496,636	75,751,083
Investments in real estate	18,339	23,053	18,339	23,053
Investment properties	303,800	303,800	303,800	303,800
Investments in associates	7,310,286	6,503,658	1,454,646	1,391,054
Investments in subsidiaries	-	-	289,063	289,063
Deferred tax asset	14,874	14,871	-	-
Right of use assets	439,826	-	450,459	-
Property, plant and equipment	12,518,249	12,659,775	10,266,332	10,405,707
Intangible assets	105,655	118,787	104,940	117,937
Total assets	114,512,434	110,258,080	104,056,570	101,132,189
LIABILITIES				
Bank overdrafts	279,949	1,461,012	248,145	1,444,731
Tax payables	816,570	1,991,734	745,376	1,914,796
Trade and other payables	1,351,501	1,674,727	922,539	1,175,837
Amounts due to subsidiaries	-	-	191,372	216,021
Short term borrowings	324,256	2,329,590	-	2,236,061
Deposits	52,003,032	45,149,518	52,456,879	45,669,738
Long term borrowings	7,073,788	7,050,557	7,071,189	7,046,982
Debentures	1,916,112	2,296,284	1,916,112	2,296,284
Lease liabilities	352,824	-	364,181	-
Employee benefit obligations	1,534,449	1,398,235	1,407,441	1,277,780
Deferred tax liability	4,214,471	5,046,493	3,717,656	4,546,182
Total liabilities	69,866,952	68,398,150	69,040,890	67,824,412
SHAREHOLDERS' FUNDS				
Stated capital	1,696,898	1,527,778	1,696,898	1,527,778
Revaluation reserve	4,812,509	4,739,425	3,568,643	3,573,069
Reserve fund	2,037,000	2,037,000	2,037,000	2,037,000
Other comprehensive income reserve	62,637	17,993	-	-
Loan loss reserve	920,000	920,000	920,000	920,000
Revenue reserves	33,937,544	31,498,444	26,793,139	25,249,930
Funds attributable to equity holders of the parent	43,466,588	40,740,640	35,015,680	33,307,777
Non-controlling interest	1,178,894	1,119,290	-	-
Total liabilities, shareholders' funds and non-controlling interest	114,512,434	110,258,080	104,056,570	101,132,189
Net asset value per share - Rs.	196.97	184.62	158.68	150.94

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 financial statements.
Approved and signed for and on behalf of the board.



E. H. Wijenaik
Managing Director



G. S. N. Peiris
Director (Finance)

07th February 2020

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 2019	Attributable to equity holders of the company								Total
	Stated capital	Revaluation reserve	Reserve fund	Fair value through OCI reserve/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 01st April 2018 as previously reported in the interim financial statements for the nine months ended 31st December 2018	1,337,564	2,291,952	1,824,000	-	920,000	23,402,957	4,443,003	865,021	35,084,497
Additional impact arising out of adoption of Sri Lanka Financial Reporting Standards 9 -Financial Instruments with effect from 01st April 2017	-	-	-	19,637	-	-	(324,882)	234	(305,011)
Balance as at 01st April 2018 (Restated)	1,337,564	2,291,952	1,824,000	19,637	920,000	23,402,957	4,118,121	865,255	34,779,486
Net profit for the nine months ended 31st December 2018	-	-	-	-	-	-	4,146,057	66,356	4,212,413
Other comprehensive income for the nine months ended 31st December 2018	-	-	-	(41,413)	-	-	3,817	-	(37,596)
Total comprehensive income for the nine months ended 31st December 2018	-	-	-	(41,413)	-	-	4,149,874	66,356	4,174,817
Depreciation on revaluation surplus	-	(3,497)	-	-	-	-	3,497	-	-
Unclaimed dividends written back	-	-	-	-	-	-	79	80	159
Reduction in net assets due to disposal of a subsidiary owned by an associate company	-	-	-	-	-	-	(4,502)	-	(4,502)
Effect on buy-back of shares by a subsidiary company	-	-	-	-	-	-	-	(25,061)	(25,061)
Dividends for the year ended 31st March 2018	190,214	-	-	-	-	-	(346,814)	(24,785)	(181,385)
Balance as at 31st December 2018 (restated)	1,527,778	2,288,455	1,824,000	(21,776)	920,000	23,402,957	7,920,255	881,845	38,743,514
Balance as at 01st April 2019	1,527,778	4,739,425	2,037,000	17,993	920,000	23,402,957	8,095,487	1,119,290	41,859,930
Net profit for the nine months ended 31st December 2019	-	-	-	-	-	-	3,060,900	101,049	3,161,949
Other comprehensive income for the nine months ended 31st December 2019	-	78,759	-	44,644	-	-	(11,433)	-	111,970
Total comprehensive income for the nine months ended 31st December 2019	-	78,759	-	44,644	-	-	3,049,467	101,049	3,273,919
Depreciation on revaluation surplus	-	(5,675)	-	-	-	-	5,675	-	-
Effect arising out of buy - back of shares by a subsidiary company	-	-	-	-	-	-	(1,449)	1,449	-
Unclaimed dividends written back	-	-	-	-	-	-	74	76	150
Dividends for the year ended 31st March 2019	169,120	-	-	-	-	-	(349,858)	(42,970)	(223,708)
Dividends for the year ending 31st March 2020	-	-	-	-	-	-	(264,809)	-	(264,809)
Balance as at 31st December 2019	1,696,898	4,812,509	2,037,000	62,637	920,000	23,402,957	10,534,587	1,178,894	44,645,482

Company equity statement for the nine months ended 31st December 2019	Stated capital	Revaluation reserve	Reserve fund	Loan loss reserve	General reserve	Retained earnings	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01st April 2018 as previously reported in the interim financial statements for the nine months ended 31st December 2018	1,337,564	1,571,945	1,824,000	920,000	23,391,776	(1,044,863)	28,000,422
Additional impact arising out of adoption of Sri Lanka Financial Reporting Standards 9 -Financial Instruments with effect from 01st April 2017	-	-	-	-	-	(105,076)	(105,076)
Balance as at 01st April 2018 (Restated)	1,337,564	1,571,945	1,824,000	920,000	23,391,776	(1,149,939)	27,895,346
Net profit for the nine months ended 31st December 2018	-	-	-	-	-	3,344,353	3,344,353
Total comprehensive income for the nine months ended 31st December 2018	-	-	-	-	-	3,344,353	3,344,353
Depreciation on revaluation surplus	-	(2,663)	-	-	-	2,663	-
Dividends for the year ended 31st March 2018	190,214	-	-	-	-	(346,814)	(156,600)
Balance as at 31st December 2018 (restated)	1,527,778	1,569,282	1,824,000	920,000	23,391,776	1,850,263	31,083,099
Balance as at 01st April 2019	1,527,778	3,573,069	2,037,000	920,000	23,391,776	1,858,154	33,307,777
Net profit for the nine months ended 31st December 2019	-	-	-	-	-	2,153,450	2,153,450
Total comprehensive income for the nine months ended 31st December 2019	-	-	-	-	-	2,153,450	2,153,450
Depreciation on revaluation surplus	-	(4,426)	-	-	-	4,426	-
Dividends for the year ended 31st March 2019	169,120	-	-	-	-	(349,858)	(180,738)
Dividends for the year ending 31st March 2020	-	-	-	-	-	(264,809)	(264,809)
Balance as at 31st December 2019	1,696,898	3,568,643	2,037,000	920,000	23,391,776	3,401,363	35,015,680

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	
	2019 Unaudited Rs.'000	2018 Unaudited Rs.'000	2019 Unaudited Rs.'000	2018 Unaudited Rs.'000
Cash flows from operating activities				
Interest receipts	14,153,757	12,372,709	14,107,935	12,342,288
Interest payments	(2,076,890)	(2,052,375)	(2,099,865)	(2,069,315)
Recoveries on bad debts previously written off	88,703	101,637	88,703	101,637
Receipts from other operating activities	6,220,046	5,513,463	925,251	963,145
Cash payments to employees and suppliers	(7,624,290)	(6,688,418)	(2,557,678)	(2,518,546)
Operating profit before changes in operating assets	10,761,326	9,247,016	10,464,346	8,819,209
(Increase) / decrease in operating assets:				
Securities bought under repurchase agreements and receivables from banks	(5,524,332)	(49,475)	(5,524,332)	(49,475)
Loans to customers	(27,101,605)	(35,432,485)	(27,098,775)	(35,430,178)
Recoveries from customers	26,167,071	26,246,442	26,151,952	26,245,158
Others	23,451	(1,370,032)	7,221	(1,361,100)
Increase / (decrease) in operating liabilities:				
Net cash effect on deposits	5,215,698	1,011,349	5,133,315	1,279,025
Net cash from operating activities before value added tax, VAT/NBT on financial services and debt repayment levy	9,541,609	(347,185)	9,133,727	(497,361)
Value added tax, VAT/NBT on financial services and debt repayment levy	(1,394,286)	(1,459,613)	(1,255,513)	(1,343,347)
Net cash on operating activities before income tax	8,147,323	(1,806,798)	7,878,214	(1,840,708)
Income tax paid	(3,195,690)	(1,593,810)	(3,048,872)	(1,510,006)
Net cash inflow / (outflow) from operating activities	4,951,633	(3,400,608)	4,829,342	(3,350,714)
Cash flows from investing activities				
Dividends received from subsidiaries and associates	12,849	24,401	64,714	42,031
Dividends received from other companies	18,159	14,219	18,153	14,213
Investments in fixed deposits and commercial papers	(226,361)	(587,443)	-	-
Investments in unit trusts	(265,350)	-	-	-
Investment in associates	(63,592)	-	(63,592)	-
Divestment of unit trusts	35,000	20,333	-	-
Purchase of shares by a subsidiary company	-	(22,720)	-	22,983
Divestment of debentures	50,000	155,430	-	-
Divestment of fixed deposits	156,222	543,791	-	-
Purchase of property, plant and equipment	(390,690)	(901,691)	(352,290)	(883,388)
Disposal of property, plant and equipment	112,158	42,481	108,700	38,444
Net cash outflow from investing activities	(561,605)	(711,199)	(224,315)	(765,717)
Cash flows from financing activities				
Borrowings	5,182,442	16,654,045	3,890,000	15,943,300
Repayment of borrowings	(8,016,854)	(12,853,320)	(6,954,163)	(12,150,000)
Dividends paid to equity holders of the parent	(401,025)	(154,864)	(401,025)	(154,864)
Dividends paid to non-controlling interest	(42,797)	(24,628)	-	-
Net cash inflow / (outflow) from financing activities	(3,278,234)	3,621,233	(3,465,188)	3,638,436
Net increase / (decrease) in cash and cash equivalents	1,111,794	(490,574)	1,139,839	(477,995)
Cash and cash equivalents at the beginning of the period	(720,944)	(185,027)	(747,329)	(216,795)
Cash and cash equivalents at the end of the period	390,850	(675,601)	392,510	(694,790)
Cash in hand and at banks	669,998	945,577	639,856	911,491
Bank overdrafts	(279,949)	(1,621,214)	(248,145)	(1,606,316)
impairment provision for cash equivalents	801	36	799	35
Cash and cash equivalents at the end of the period	390,850	(675,601)	392,510	(694,790)
Movement of borrowings (short term, long term loans and debentures)				
Balance at the beginning of the period	11,676,431	7,402,240	11,579,327	7,201,298
Amount borrowed during the period	5,182,442	16,654,045	3,890,000	15,943,300
Capital repaid during the period	(8,016,854)	(12,853,320)	(6,954,163)	(12,150,000)
Amortised interest	472,137	209,682	472,137	209,682
Balance at the end of the period	9,314,156	11,412,647	8,987,301	11,204,280

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 2019 and provide the information as required by the Colombo Stock Exchange and LKAS 34-Interim Financial Reporting except for the initial adoption of SLFRS 16 - Leases which became effective for accounting periods commencing from 01.01.2019. The Group has accordingly adopted SLFRS 16 from 01.04.2019.

2 The presentation and classification of the previous periods have 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 31.12.2019	As at 30.09.2019
Ordinary shares	220,674,367	220,674,367

4 Market price per share

	Quarter ended 31.12.2019 Rs.	Quarter ended 30.09.2019 Rs.
Highest	110.00	97.30
Lowest	91.00	85.00
Last traded	104.00	92.60

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

	As at 31.12.2019	As at 30.09.2019
C.L.K.P. Jayasuriya	Nil	Nil
E.H. Wijenaikie	34,009,737	34,009,737
G.S.N. Peiris	309,148	309,148
A.K. Gunaratne	1,757,437	1,757,437
D.P. de Silva	218,501	218,501
A.D.B. Talwatte	Nil	Nil
Dr. (Mrs.) A.D.N. de Zoysa	Nil	Nil
A.R. Fernando	Nil	Nil
C.K. Hettiarachchi	130,449	130,449
K.B. Herath	Nil	Nil

6 Twenty largest shareholders of the Company are as follows:

	As at 31.12.2019		*As at 30.09.2019	
	Number of shares	%	Number of shares	%
1 Corporate Services (Pvt) Ltd. A/C No.01	35,548,488	16.11	35,548,488	16.11
2 E.H. Wijenaikie	34,009,737	15.41	34,009,737	15.41
3 Employees Provident Fund	23,701,371	10.74	23,701,371	10.74
4 Thurston Investments Limited	12,850,762	5.82	12,850,762	5.82
5 Hallsville Trading Group INC	10,760,070	4.88	10,561,333	4.79
6 Ceylon Investment PLC A/C No.02	8,489,263	3.85	8,074,407	3.66
7 A.J. Wijenaikie	6,883,020	3.12	6,883,020	3.12
8 Rubber Investment Trust Limited. A/C No.01	6,364,438	2.88	6,352,825	2.88
9 Ceylon Guardian Investment Trust PLC A/C No.02	5,974,054	2.71	5,276,670	2.39
10 N.W. Wijegoonawardene	4,549,646	2.06	4,549,646	2.06
11 E.W. Balasuriya & Co.(Pvt) Ltd.	3,403,862	1.54	3,230,862	1.46
12 C.R. Dunuwille	2,837,451	1.29	2,837,451	1.29
13 N.M. Gunawardana	2,735,961	1.24	2,735,961	1.24
14 P.R. Munasinha	2,581,598	1.17	2,581,598	1.17
15 Employees Trust Fund Board	2,304,261	1.04	2,304,261	1.04
16 P.M. Wijenaikie	2,138,068	0.97	2,138,068	0.97
17 Citi Bank Newyork S/A Norges Bank Account 2	1,818,846	0.82	376,376	0.17
18 S.K. Wedande	1,793,322	0.81	1,793,322	0.81
19 A.K. Gunaratne	1,757,437	0.80	1,757,437	0.80
20 N.M. Wahab	1,578,639	0.72	1,578,639	0.72

*Comparative shareholdings as at 30.09.2019 held by the twenty largest shareholders as at 31.12.2019.

CENTRAL FINANCE COMPANY PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

7 Information on listed debentures

7.1 Market value and traded yield

The outstanding debentures are represented by 17,500,000 rated, secured, redeemable debentures to the value of Rs. 1.75 billion issued in June 2015, par valued at Rs. 100/-.

Details of the above debentures are as follows:

Rated secured redeemable debentures

Date of issue	Interest payment frequency	No. of debentures issued	Face value Rs.'000	Coupon rate	Annual effective rate	Tenor	Date of maturity
01-Jun-2015	Annually	17,500,000	1,750,000	9.52%	9.52%	5 years	31-May-2020

There were no debenture trades during the period under review.

Following debentures were redeemed during the period under review.

Date of issue	Coupon rate	Date of maturity	Face value Rs.'000
01-Jun-2015	9.00%	31-May-2019	500,000

7.2 Yield of comparable government securities

	As at 31.12.2019	As at 30.09.2019
05 year treasury bonds	9.71%	10.28%

Debt related ratios

	As at / for the three months ended 31.12.2019	As at / for the three months ended 30.09.2019
Debt/equity ratio (times)	1.76	1.77
Quick assets ratio (times)	0.93	0.88
Interest cover (times)	1.56	1.70

CENTRAL FINANCE COMPANY PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

8 Public holding

The company qualifies under option one of the minimum public holding requirement No.7.13.1 of the Listing Rules of the Colombo Stock Exchange and relevant information is given below.

As at 31.12.2019

Float adjusted market capitalization		Public holding percentage (%)		Number of public shareholders	
Minimum requirement	Available amount	Minimum requirement	Available	Minimum requirement	Available
Rs.10 Bn	Rs.14.46 Bn	No minimum % requirement	63.02%	500	2,791

As at 30.09.2019

Float adjusted market capitalization		Public holding percentage (%)		Number of public shareholders	
Minimum requirement	Available amount	Minimum requirement	Available	Minimum requirement	Available
Rs.10 Bn	Rs.12.87 Bn	No minimum % requirement	63.02%	500	2,841

9 Contingent liabilities

	Group		Company	
	As at 31.12.2019 Rs.'000	As at 30.09.2019 Rs.'000	As at 31.12.2019 Rs.'000	As at 30.09.2019 Rs.'000
Guarantees issued				
Guarantees issued on behalf of depositors, fully secured on their deposits	34,362	28,362	34,362	28,362
	34,362	28,362	34,362	28,362

Guarantees issued

Guarantees issued on behalf of depositors, fully secured on their deposits

Tax assessments

Company

Of the outstanding tax assessments reported in the annual report for the year ended 31.03.2019, settlement was reached on the income tax assessment of Rs. 803.5 million for the year 2014/15 during the period under review at Rs. 53.3 million. In addition, assessments amounting to Rs.460.8 million on income tax, nation building tax and value added tax have been issued during the nine months period ended 31.12.2019.

Group companies

Of Rs.51.85 million outstanding tax assessments on nations building tax reported in the annual report for the year ended 31.03.2019, tax appeals commission issued their determination on assessments amounting to Rs.22.7 million in favour of respective companies. Assessments amounting to Rs.29.15 million were determined in favour of the Department of Inland Revenue and the respective companies have referred these to Court of Appeal.

The respective companies are of the view that the outcome of the above assessments will not have any material impact.

10 Interest expenses of the group other than the parent are categorised under premises, equipment, establishment and other expenses.

11 Classification of financial assets and liabilities - Group

The following table analyses the carrying amounts of the financial instruments by category as defined in Sri Lanka Accounting Standard- SLFRS 9 Financial Instruments.

Analysis of financial assets and liabilities by measurement basis - Group

As at 31.12.2019

Description	Fair value through profit or loss	Amortised cost	Total	Fair value measurement level
	Rs.'000	Rs.'000	Rs.'000	
Cash in hand and at banks	-	669,998	669,998	
Fair value through profit or loss financial assets				
Quoted securities	246,232	-	246,232	Level 1
Unquoted securities	102,190	-	102,190	Level 3
Unit trusts	2,981,972	-	2,981,972	Level 2
Trade and other receivables	-	1,339,765	1,339,765	
Securities bought under repurchase agreements	-	3,577,316	3,577,316	
Loans and receivables from banks	-	2,798,143	2,798,143	
Loans and receivables from others	-	2,121,389	2,121,389	
Loans and receivables from customers	-	4,421,242	4,421,242	
Net investment in leases and hire purchase	-	74,496,636	74,496,636	
Total financial assets	3,330,394	89,424,489	92,754,883	
Bank overdrafts	-	279,949	279,949	
Trade and other payables	-	1,351,501	1,351,501	
Short term borrowings	-	324,256	324,256	
Deposits	-	52,003,032	52,003,032	
Long term borrowings	-	7,073,788	7,073,788	
Debentures	-	1,916,112	1,916,112	
Lease liabilities	-	352,824	352,824	
Total financial liabilities	-	63,301,462	63,301,462	

Analysis of financial assets and liabilities by measurement basis - Group

As at 31.03.2019

Description	Fair value through profit or loss	Amortised cost	Total	Fair value measurement level
	Rs.'000	Rs.'000	Rs.'000	
Cash in hand and at banks	-	740,055	740,055	
Fair value through profit or loss financial assets				
Quoted securities	452,249	-	452,249	Level 1
Unquoted securities	108,614	-	108,614	Level 3
Unit trusts	3,980	-	3,980	Level 2
Trade and other receivables	-	1,272,695	1,272,695	
Securities bought under repurchase agreements	-	3,289,551	3,289,551	
Loans and receivables from banks	-	1,447,867	1,447,867	
Loans and receivables from others	-	593,140	593,140	
Loans and receivables from customers	-	5,996,253	5,996,253	
Net investment in leases and hire purchase	-	75,751,083	75,751,083	
Total financial assets	564,843	89,090,644	89,655,487	
Bank overdrafts	-	1,461,012	1,461,012	
Trade and other payables	-	1,674,727	1,674,727	
Short term borrowings	-	2,329,590	2,329,590	
Deposits	-	45,149,518	45,149,518	
Long term borrowings	-	7,050,557	7,050,557	
Debentures	-	2,296,284	2,296,284	
Total financial liabilities	-	59,961,688	59,961,688	

Analysis of financial assets and liabilities by measurement basis - Company
As at 31.12.2019

Description	Fair value through profit or loss	Amortised cost	Total	Fair value measurement level
	Rs.'000	Rs.'000	Rs.'000	
Cash in hand and at banks	-	639,856	639,856	
Fair value through profit or loss financial assets				
Quoted securities	245,921	-	245,921	Level 1
Unquoted securities	100,310	-	100,310	Level 3
Unit trusts	2,740,609	-	2,740,609	Level 2
Trade and other receivables		483,913	483,913	
Securities bought under repurchase agreements	-	3,577,316	3,577,316	
Loans and receivables from banks	-	2,793,091	2,793,091	
Loans and receivables from others	-	1,537,049	1,537,049	
Loans and receivables from customers	-	4,420,903	4,420,903	
Net investment in leases and hire purchase	-	74,496,636	74,496,636	
Total financial assets	3,086,840	87,948,764	91,035,604	
Bank overdrafts	-	248,145	248,145	
Trade and other payables	-	922,539	922,539	
Short term borrowings	-	-	-	
Deposits	-	52,456,879	52,456,879	
Long term borrowings	-	7,071,189	7,071,189	
Debentures	-	1,916,112	1,916,112	
Lease liabilities	-	364,181	364,181	
Total financial liabilities	-	62,979,045	62,979,045	

Analysis of financial assets and liabilities by measurement basis - Company
As at 31.03.2019

Description	Fair value through profit or loss	Amortised cost	Total	Fair value measurement level
	Rs.'000	Rs.'000	Rs.'000	
Cash in hand and at banks	-	697,390	697,390	
Fair value through profit or loss financial assets				
Quoted securities	451,958	-	451,958	Level 1
Unquoted securities	106,524	-	106,524	Level 3
Trade and other receivables	-	456,153	456,153	
Securities bought under repurchase agreements	-	3,289,551	3,289,551	
Loans and receivables from banks	-	1,441,839	1,441,839	
Loans and receivables from others	-	38,715	38,715	
Loans and receivables from customers	-	5,986,999	5,986,999	
Net investment in leases and hire purchase	-	75,751,083	75,751,083	
Total financial assets	558,482	87,661,730	88,220,212	
Bank overdrafts	-	1,444,731	1,444,731	
Trade and other payables	-	1,175,837	1,175,837	
Short term borrowings	-	2,236,061	2,236,061	
Deposits	-	45,669,738	45,669,738	
Long term borrowings	-	7,046,982	7,046,982	
Debentures	-	2,296,284	2,296,284	
Total financial liabilities	-	59,869,633	59,869,633	

Level 01 valuations are based on market prices published by the Colombo Stock Exchange for shares quoted on the Colombo Stock Exchange and level 2 valuations for units are based on the prices published by fund managers for respective funds.

Level 03 valuations have been determined using valuation techniques which approximate the fair value.

There have been no transfers among levels 01, 02 and 03.

12 There have been no material events subsequent to the reporting date which require adjustments to or disclosure in these interim Financial Statements.

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	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue																		
Interest income	14,341,249	13,277,894	11,523	10,530	-	-	566	391	41,120	40,090	416,824	334,892	1,948	1,999	-	-	14,813,230	13,665,796
Other revenue	-	-	90,491	92,968	54,578	57,978	2,467,026	2,012,666	288,680	276,038	-	-	-	-	-	-	2,900,775	2,439,650
Other operating income	773,360	748,179	-	-	-	-	-	-	-	-	-	-	-	-	-	-	773,360	748,179
Other income	444,226	475,273	412	455	-	-	4,720	8,406	4,341	25	163,905	(19,701)	5,726	7,452	(11,451)	(27,213)	611,879	444,697
Income from external customers	15,558,835	14,501,346	102,426	103,953	54,578	57,978	2,472,312	2,021,463	334,141	316,153	580,729	315,191	7,674	9,451	(11,451)	(27,213)	19,099,244	17,298,322
Inter - segment income	24,733	20,827	1	1	3,186	6,786	254	78	29,360	3,119	79,041	59,220	34,269	30,042	(170,844)	(120,073)	-	-
Total income	15,583,568	14,522,173	102,427	103,954	57,764	64,764	2,472,566	2,021,541	363,501	319,272	659,770	374,411	41,943	39,493	(182,295)	(147,286)	19,099,244	17,298,322
Expenses																		
Interest expenses	4,732,929	4,111,210	-	-	-	-	-	-	-	-	310,323	251,566	16,191	17,034	-	-	5,059,443	4,379,810
Depreciation & amortisation	556,086	405,215	7,120	6,364	-	3,941	33,589	31,617	12,970	975	-	-	1,857	1,860	(43,767)	-	567,855	449,972
Cost of sales	-	-	41,695	41,595	15,815	15,704	1,983,723	1,646,226	-	-	-	-	-	-	-	-	2,041,233	1,703,525
Impairments and other credit losses	3,198,050	1,053,465	11	(25)	(3)	(2)	7,883	2,919	758	662	6,310	11	(73)	(97)	(33)	(1,216)	3,212,903	1,055,717
Other operating and administrative expenses	2,962,230	2,875,115	43,989	44,414	4,401	4,412	225,162	214,061	82,483	85,211	460	161	12,323	3,550	42,883	-	3,373,931	3,226,924
	11,449,295	8,445,005	92,815	92,348	20,213	24,055	2,250,357	1,894,823	96,211	86,848	317,093	251,738	30,298	22,347	(917)	(1,216)	14,255,365	10,815,948
Inter - segment expenses	73,581	45,633	-	-	-	-	-	-	19,626	19,666	557	-	557	-	(94,321)	(65,299)	-	-
Total expenses	11,522,876	8,490,638	92,815	92,348	20,213	24,055	2,250,357	1,894,823	115,837	106,514	317,650	251,738	30,855	22,347	(95,238)	(66,515)	14,255,365	10,815,948
Segment results	4,060,692	6,031,535	9,612	11,606	37,551	40,709	222,209	126,718	247,664	212,758	342,120	122,673	11,088	17,146	(87,057)	(80,771)	4,843,879	6,482,374
Share of profit of associates																	964,146	946,931
Profit before VAT on financial services, NBT debt repayment levy and income tax																	5,808,025	7,429,305
Less: VAT on financial services, NBT and debt repayment levy																	1,068,367	1,086,175
Profit before income tax																	4,739,658	6,343,130
Less: Income tax expense																	1,577,709	2,130,717
Profit after income tax																	3,161,949	4,212,413
Non-controlling interest																	101,049	66,356
Profit attributable to equity holders of the parent																	3,060,900	4,146,057
	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at
	31.12.2019	31.03.2019	31.12.2019	31.03.2019	31.12.2019	31.03.2019	31.12.2019	31.03.2019	31.12.2019	31.03.2019	31.12.2019	31.03.2019	31.12.2019	31.03.2019	31.12.2019	31.03.2019	31.12.2019	31.03.2019
Segment assets	91,445,642	93,123,260	644,575	641,144	74,853	73,403	2,690,408	2,390,774	2,470,472	2,397,865	12,845,168	8,679,008	1,145,705	1,121,385	(5,309,930)	(5,487,744)	106,006,893	102,939,095
Investments in associates																	7,310,286	6,503,658
Unallocated assets																	1,195,255	815,327
Total assets	91,445,642	93,123,260	644,575	641,144	74,853	73,403	2,690,408	2,390,774	2,470,472	2,397,865	12,845,168	8,679,008	1,145,705	1,121,385	(5,309,930)	(5,487,744)	114,512,434	110,258,080
Segment liabilities	59,128,504	56,679,054	151,741	153,860	8,532	9,647	859,276	670,506	303,230	309,873	3,853,485	3,411,011	576,284	346,262	(884,573)	(920,821)	63,996,479	60,659,392
Unallocated liabilities																	5,870,473	7,738,758
Total liabilities	59,128,504	56,679,054	151,741	153,860	8,532	9,647	859,276	670,506	303,230	309,873	3,853,485	3,411,011	576,284	346,262	(884,573)	(920,821)	69,866,952	68,398,150

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

CREDIT RATING

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

DIRECTORS

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

STOCK EXCHANGE LISTING

The ordinary shares of the Company and Rated Secured Redeemable Debentures issued in 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, Athurugiriya, Avissawella, Badulla, Bakamuna, Balangoda, Bandaragama, Bandarawela, Batticaloa, Chilaw, Dambulla, Dehiattakandiya, Digana, Divulapitiya, Eheliyagoda, Elpitiya, Embilipitiya, Galewela, Galle, Gampaha, Gampola, Giriulla, Godakawela, Hambantota, Hanwellla, Hatton, Hettipola, Hingurakgoda, Hiripitiya, Homagama, Horana, Ja-Ela, Jaffna, Kadawatha, Kaduwela, Kalmunai, Kalutara, Kantale, Katugastota, Kegalle, Kekirawa, Killinochchi, Kiribathgoda, Kirindiwela, Kuliypitiya, Kurunegala, Maharagama, Mahiyanganaya, Maho, Malabe, Mannar, Maradana, Matale, Matara, Matugama, Mawanella, Mawathagama, Melsiripura, Minuwangoda, Mirigama, Monaragala, Narammala, Nattandiya, Nawalapitiya, Negombo, Nikaweratiya, Nittambuwa, Nochchiyagama, Nugedoda, Nuwaraeliya, Padukka, Panadura, Pilimathalawa, Piliyandala, Polonnaruwa, Pottuvil, Puttalam, Ragama, Rajagiriya, Rambukkana, Ratmalana, Ratnapura, Rikillagaskada, Talawathugoda, Tambuttegama, Tissamaharama, Trincomalee, Vavuniya, Walasmulla, 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
State Bank of India

AUDITOR

SJMS Associates,
Chartered Accountants,
11, Castle Lane,
Colombo 04.

LEGAL ADVISER

F.J. & G. de Saram,
Attorneys-at-Law,
P.O. Box 212,
Colombo.
Colombo.

COMPANY SECRETARY

Corporate Services (Pvt) Limited,
216, de Saram Place,
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