

Central Finance Company PLC

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

INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 30TH JUNE 2020

**CENTRAL FINANCE COMPANY PLC
STATEMENT OF INCOME**

For the three months ended 30th June	Group			Company		
	2020	2019	Increase /(decrease) %	2020	2019	Increase /(decrease) %
	Unaudited Rs.'000	Unaudited Rs.'000		Unaudited Rs.'000	Unaudited Rs.'000	
Income	5,299,429	6,242,249	(15.10)	4,559,496	5,350,619	(14.79)
Interest income	4,095,012	4,973,443	(17.66)	4,076,811	4,953,492	(17.70)
Less: Interest expenses	1,628,663	1,673,725	(2.69)	1,639,015	1,688,680	(2.94)
Net interest income	2,466,349	3,299,718	(25.26)	2,437,796	3,264,812	(25.33)
Other revenue	720,084	885,777	(18.71)	-	-	
Less: Cost of sales	563,103	644,018	(12.56)	-	-	
Gross profit	156,981	241,759	(35.07)	-	-	
Operating lease income	247,589	257,986	(4.03)	248,819	258,936	(3.91)
Other income	236,744	125,043	89.33	233,866	138,191	69.23
	3,107,663	3,924,506	(20.81)	2,920,481	3,661,939	(20.25)
Less: Operating expenses						
Personnel expenses	488,084	590,700	(17.37)	420,969	517,212	(18.61)
Premises, equipment, establishment and other expenses	467,079	624,931	(25.26)	441,127	588,819	(25.08)
Employee retirement benefit expenses	55,056	55,044	0.02	49,500	49,500	-
	1,010,219	1,270,675	(20.50)	911,596	1,155,531	(21.11)
Profit before impairment on loans and other credit losses	2,097,444	2,653,831	(20.97)	2,008,885	2,506,408	(19.85)
Less: Impairments and other credit losses	2,491,384	1,018,451	144.62	2,490,377	1,015,795	145.17
	(393,940)	1,635,380	(124.09)	(481,492)	1,490,613	(132.30)
Share of profit of associates, net of tax	206,125	149,132	38.22	-	-	
Profit before VAT on financial services, NBT, debt repayment levy and income tax	(187,815)	1,784,512	(110.52)	(481,492)	1,490,613	(132.30)
Less: VAT on financial services and NBT	-	248,373	-	-	248,373	-
Debt repayment levy	-	122,706	-	-	122,706	-
Profit / (loss) before income tax	(187,815)	1,413,433	(113.29)	(481,492)	1,119,534	(143.01)
Less: Income tax expense	(412,239)	424,344	(197.15)	(430,914)	384,349	(212.12)
Profit (loss) after income tax	224,424	989,089	(77.31)	(50,578)	735,185	(106.88)
Attributable to equity holders of the parent	203,952	966,097	(78.89)	(50,578)	735,185	(106.88)
Attributable to non-controlling interest	20,472	22,992	(10.96)	-	-	
Net profit / (loss) for the period	224,424	989,089	(77.31)	(50,578)	735,185	(106.88)

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

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


For the three months ended 30th June	Group			Company		
	2020	2019	Increase /(decrease) %	2020	2019	Increase /(decrease) %
	Unaudited Rs.'000	Unaudited Rs.'000		Unaudited Rs.'000	Unaudited Rs.'000	
Profit / (loss) for the period	224,424	989,089	(77.31)	(50,578)	735,185	(106.88)
Other comprehensive income to be reclassified to income statement						
Fair value changes in debt securities at fair value through other comprehensive income						
Share from associates, net of tax	328,213	62,063	428.84	-	-	-
Total other comprehensive income to be reclassified to income statement	328,213	62,063	428.84	-	-	-
Other comprehensive income for the period (net of tax)	328,213	62,063	428.84	-	-	-
Total comprehensive income for the period	552,637	1,051,152	(47.43)	(50,578)	735,185	(106.88)
Attributable to equity holders of the parent	532,165	1,028,160	(48.24)	(50,578)	735,185	(106.88)
Attributable to non-controlling interest	20,472	22,992	(10.96)	-	-	
Total comprehensive income for the period	552,637	1,051,152	(47.43)	(50,578)	735,185	(106.88)

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

CENTRAL FINANCE COMPANY PLC
STATEMENT OF FINANCIAL POSITION


As at	Group		Company	
	30.06.2020 Unaudited Rs.'000	31.03.2020 Audited Rs.'000	30.06.2020 Unaudited Rs.'000	31.03.2020 Audited Rs.'000
ASSETS				
Cash in hand and at banks	1,032,232	773,312	1,002,994	671,117
Fair value through profit or loss financial assets	5,256,325	5,599,847	4,850,837	5,320,028
Trade and other receivables	1,202,641	1,499,363	320,178	566,309
Tax receivables	1,556	1,616	-	-
Inventories and other stocks	718,615	997,014	71,035	81,520
Securities bought under repurchase agreements	3,373,095	4,440,427	3,373,095	4,440,427
Loans and receivables from banks	1,078,928	2,403,532	1,073,672	2,398,375
Loans and receivables from others	1,976,031	2,616,233	1,393,479	2,026,744
Loans and receivables from customers	4,063,463	4,167,030	4,064,748	4,167,893
Net investment in leases and hire purchase	74,489,200	74,343,334	74,489,200	74,343,334
Investments in real estate	16,149	18,339	16,149	18,339
Investment properties	303,800	303,800	303,800	303,800
Investments in associates	7,965,075	7,430,736	1,454,646	1,454,646
Investments in subsidiaries	-	-	289,063	289,063
Deferred tax asset	18,417	18,439	-	-
Right of use assets	455,014	443,545	615,965	612,968
Property, plant and equipment	12,560,239	12,605,679	10,318,749	10,358,739
Intangible assets	120,839	132,421	120,214	131,751
Total assets	114,631,619	117,794,667	103,757,824	107,185,053
LIABILITIES				
Bank overdrafts	453,457	1,241,075	442,706	1,224,972
Tax payables	368,927	836,968	302,270	752,572
Trade and other payables	1,270,033	1,297,648	800,370	913,308
Amounts due to subsidiaries	-	-	232,878	86,209
Short term borrowings	76,540	982,277	-	650,295
Deposits	53,854,731	52,912,500	54,343,891	53,390,977
Long term borrowings	6,805,185	7,150,700	6,798,236	7,148,317
Debentures	-	1,791,038	-	1,791,038
Lease liabilities	365,593	353,415	529,594	522,842
Employee benefit obligations	1,834,864	1,746,130	1,697,110	1,612,038
Deferred tax liability	3,526,995	3,960,035	3,028,518	3,459,432
Total liabilities	68,556,325	72,271,786	68,175,573	71,552,000
SHAREHOLDERS' FUNDS				
Stated capital	1,696,898	1,696,898	1,696,898	1,696,898
Revaluation reserve	4,821,920	4,823,863	3,565,692	3,567,167
Reserve fund	2,213,000	2,213,000	2,213,000	2,213,000
Other comprehensive income reserve	439,980	111,767	-	-
Loan loss reserve	920,000	920,000	920,000	920,000
Revenue reserves	34,765,833	34,560,162	27,186,661	27,235,988
Funds attributable to equity holders of the parent	44,857,631	44,325,690	35,582,251	35,633,053
Non-controlling interest	1,217,663	1,197,191	-	-
	46,075,294	45,522,881	35,582,251	35,633,053
Total liabilities, shareholders' funds and non-controlling interest	114,631,619	117,794,667	103,757,824	107,185,053
Net asset value per share - Rs.	203.28	200.86	161.24	161.47

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


K. Kandeepan Ihsan
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)

13th August 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 three months ended 30th June 2020	Attributable to equity holders of the company								Non-controlling interest	Total
	Stated capital	Revaluation reserve	Reserve fund	Fair value through OCI reserve	Loan loss reserve	General reserves	Retained earnings			
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000		
Balance as at 01st April 2019	1,527,778	4,745,864	2,037,000	17,993	920,000	23,402,957	8,089,048	1,119,290	41,859,930	
Net profit for the three months ended 30th June 2019	-	-	-	-	-	-	966,097	22,992	989,089	
Other comprehensive income	-	-	-	62,063	-	-	-	-	62,063	
Total comprehensive income for the three months ended 30th June 2019	-	-	-	62,063	-	-	966,097	22,992	1,051,152	
Depreciation on revaluation surplus	-	(1,888)	-	-	-	-	1,888	-	-	
Effect on buy-back of shares by a subsidiary company	-	-	-	-	-	-	(1,449)	1,449	-	
Dividends for the year ended 31st March 2019	169,120	-	-	-	-	-	(349,858)	-	(180,738)	
Balance as at 30th June 2019	1,696,898	4,743,976	2,037,000	80,056	920,000	23,402,957	8,705,726	1,143,731	42,730,344	
Balance as at 01st April 2020	1,696,898	4,823,863	2,213,000	111,767	920,000	23,402,957	11,157,205	1,197,191	45,522,881	
Net profit for the three months ended 30th June 2020	-	-	-	-	-	-	203,952	20,472	224,424	
Other comprehensive income	-	-	-	328,213	-	-	-	-	328,213	
Total comprehensive income for the three months ended 30th June 2020	-	-	-	328,213	-	-	203,952	20,472	552,637	
Depreciation on revaluation surplus	-	(1,943)	-	-	-	-	1,943	-	-	
Payment of dividends for previous years	-	-	-	-	-	-	(224)	-	(224)	
Balance as at 30th June 2020	1,696,898	4,821,920	2,213,000	439,980	920,000	23,402,957	11,362,876	1,217,663	46,075,294	

Company equity statement for the three months ended 30th June 2020	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 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 three months ended 30th June 2019	-	-	-	-	-	735,185	735,185
Total comprehensive income for the three months ended 30th June 2019	-	-	-	-	-	735,185	735,185
Depreciation on revaluation surplus	-	(1,475)	-	-	-	1,475	-
Dividends for the year ended 31st March 2019	169,120	-	-	-	-	(349,858)	(180,738)
Balance as at 30th June 2019	1,696,898	3,571,594	2,037,000	920,000	23,391,776	2,244,956	33,862,224
Balance as at 01st April 2020	1,696,898	3,567,167	2,213,000	920,000	23,391,776	3,844,212	35,633,053
Net profit/(loss) for the three months ended 30th June 2020	-	-	-	-	-	(50,578)	(50,578)
Total comprehensive income for the three months ended 30th June 2020	-	-	-	-	-	(50,578)	(50,578)
Depreciation on revaluation surplus	-	(1,475)	-	-	-	1,475	-
Payment of dividends for previous years	-	-	-	-	-	(224)	(224)
Balance as at 30th June 2020	1,696,898	3,565,692	2,213,000	920,000	23,391,776	3,794,885	35,582,251

The annexed notes form an integral part of these interim financial statements.
Figures in brackets indicate deductions.

CENTRAL FINANCE COMPANY PLC
CASH FLOW STATEMENT

	Group		Company	
For the three months ended 30th June	2020	2019	2020	2019
	Unaudited	Unaudited	Unaudited	Unaudited
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash flows from operating activities				
Interest receipts	1,997,866	4,518,499	1,972,186	4,494,012
Interest payments	(777,412)	(784,354)	(779,311)	(790,609)
Recoveries on bad debts previously written off	7,274	32,124	7,274	32,124
Receipts from other operating activities	1,265,079	1,930,271	305,368	307,678
Cash payments to employees and suppliers	(1,350,815)	(2,491,640)	(689,587)	(888,748)
Operating profit before changes in operating assets	1,141,992	3,204,900	815,930	3,154,457
(Increase) / decrease in operating assets:				
Securities with bank and non-bank financial institutions	3,568,240	(489,500)	3,568,240	(489,500)
Loans to customers	(4,598,244)	(9,602,351)	(4,596,081)	(9,596,748)
Recoveries from customers	4,131,199	8,274,702	4,128,222	8,270,398
Others	197,892	(76,663)	205,928	(64,871)
Increase / (decrease) in operating liabilities:				
Net cash effect on deposits	308,963	2,890,924	304,658	2,895,003
Net cash from operating activities before value added tax, VAT/NBT on financial services and debt repayment levy	4,750,042	4,202,012	4,426,897	4,168,739
Value added tax, VAT/NBT on financial services and debt repayment levy	(43,991)	(425,811)	(39,633)	(389,715)
Net cash on operating activities before income tax	4,706,051	3,776,201	4,387,264	3,779,024
Income tax paid	(486,752)	(451,923)	(450,000)	(432,474)
Net cash inflow / (outflow) from operating activities	4,219,299	3,324,278	3,937,264	3,346,550
Cash flows from investing activities				
Dividends received from subsidiaries and associates	106,766	12,849	74,167	10,022
Dividends received from other companies	1,876	3,828	1,876	3,828
Investments in fixed deposits	(8,000)	(165,362)	-	-
Investments in unit trusts	(128,500)	(32,800)	-	-
Divestment of unit trusts	450	-	-	-
Divestment of fixed deposits	12,803	102,733	-	-
Purchase of property, plant and equipment	(61,522)	(94,111)	(53,407)	(86,411)
Disposal of property, plant and equipment	16,697	9,864	16,697	9,864
Net cash inflow / (outflow) from investing activities	(59,430)	(162,999)	39,333	(62,697)
Cash flows from financing activities				
Borrowings	110,399	4,306,615	-	3,890,000
Repayment of borrowings	(3,170,438)	(6,042,129)	(2,809,163)	(5,752,500)
Lease installment settlement	(52,784)	(20,510)	(52,784)	(20,510)
Dividends paid to equity holders of the parent	(233)	(270)	(233)	(270)
Net cash inflow / (outflow) from financing activities	(3,113,056)	(1,756,294)	(2,862,180)	(1,883,280)
Net increase / (decrease) in cash and cash equivalents	1,046,813	1,404,985	1,114,417	1,400,573
Cash and cash equivalents at the beginning of the period	(467,693)	(720,944)	(553,787)	(747,329)
Cash and cash equivalents at the end of the period	579,120	684,041	560,630	653,244
Cash in hand and at banks	1,032,232	894,161	1,002,994	839,991
Bank overdrafts	(453,457)	(210,183)	(442,706)	(186,809)
impairment provision for cash equivalents	345	63	342	62
Cash and cash equivalents at the end of the period	579,120	684,041	560,630	653,244
Movement of borrowings (short term, long term loans and debentures)				
Balance at the beginning of the period	9,924,015	11,676,431	9,589,650	11,579,327
Amount borrowed during the period	110,399	4,306,615	-	3,890,000
Capital repaid during the period	(3,170,438)	(6,042,129)	(2,809,163)	(5,752,500)
Amortised interest	17,749	100,648	17,749	100,648
Balance at the end of the period	6,881,725	10,041,565	6,798,236	9,817,475

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 2020 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 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	As at
	30.06.2020	31.03.2020
Ordinary shares	220,674,367	220,674,367

- 4 Market price per share

	Quarter ended	Quarter ended
	30.06.2020	31.03.2020
	Rs.	Rs.
Highest	88.00	107.10
Lowest	75.10	81.00
Last traded	81.00	81.00

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

	As at	As at
	30.06.2020	31.03.2020
E.H. Wijenaik	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
M.H.de Silva (appointed w.e.f. 01.07.2020)	N/A	N/A

- 6 Twenty largest shareholders of the Company are as follows:

	As at 30.06.2020		*As at 31.03.2020	
	Number of	%	Number of	%
	shares		shares	
1 Corporate Services (Pvt) Ltd. A/C No.01	35,548,488	16.11	35,548,488	16.11
2 E.H. Wijenaik	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	11,348,798	5.14	11,348,798	5.14
6 Ceylon Investment PLC A/C No.02	8,790,002	3.98	8,790,002	3.98
7 Rubber Investment Trust Limited. A/C No.01	7,106,573	3.22	7,106,573	3.22
8 A.J. Wijenaik	6,883,020	3.12	6,883,020	3.12
9 Ceylon Guardian Investment Trust PLC A/C No.02	5,974,054	2.71	5,974,054	2.71
10 N.W. Wijegoonawardene	4,549,646	2.06	4,549,646	2.06
11 E.W. Balasuriya & Co.(Pvt) Ltd.	3,563,924	1.62	3,563,924	1.62
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. Wijenaik	2,138,068	0.97	2,138,068	0.97
17 Citi Bank Newyork S/A Norges Bank Account 2	2,127,713	0.96	2,127,713	0.96
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 31.03.2020 held by the twenty largest shareholders as at 30.06.2020.

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 as at 31.03.2020 of 17,500,000 rated, secured, redeemable debentures to the value of Rs.1.75 billion issued in June 2015, par valued at Rs. 100/- were redeemed on 01st June 2020.

Details of the redemption 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 redemption
01-Jun-2015	Annually	17,500,000	1,750,000	9.52%	9.52%	5 years	01st June 2020

There were no debenture trades during the period under review.

7.2 Yield of comparable government securities

	As at 30.06.2020	As at 31.03.2020
05 year treasury bonds	6.53%	9.52%

Debt related ratios

	As at / for the three months ended 30.06.2020	As at / for the three months ended 31.03.2020
Debt/equity ratio (times)	1.73	1.80
Quick assets ratio (times)	1.04	0.98
Interest cover (times)	0.71	1.67

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 30.06.2020

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.11.28 Bn	No minimum % requirement	63.10%	500	2,811

As at 31.03.2020

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.11.26 Bn	No minimum % requirement	63.02%	500	2,736

9 Contingent liabilities

	Group		Company	
	As at 30.06.2020 Rs.'000	As at 31.03.2020 Rs.'000	As at 30.06.2020 Rs.'000	As at 31.03.2020 Rs.'000
Guarantees issued				
Guarantees issued on behalf of depositors, fully secured on their deposits	49,485	46,692	49,485	46,692
	49,485	46,692	49,485	46,692

Guarantees issued

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

Tax assessments

Company and the group

There are no major changes to the outstanding tax assessments reported in the annual report for the year ended 31st March 2020.

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 30.06.2020

Description	Fair value through profit or loss	Amortised cost	Total	Fair value	Fair value measurement level
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Cash in hand and at banks	-	1,032,232	1,032,232		
Fair value through profit or loss financial assets					
Quoted securities	205,046	-	205,046		Level 1
Unquoted securities	100,523	-	100,523		Level 3
Investments in units	4,950,756	-	4,950,756		Level 2
Trade and other receivables	-	1,202,641	1,202,641		
Securities bought under repurchase agreements	-	3,373,095	3,373,095		
Loans and receivables from banks	-	1,078,928	1,078,928		
Loans and receivables from others	-	1,976,031	1,976,031	1,984,239	
Loans and receivables from customers	-	4,063,463	4,063,463	3,681,288	
Net investment in leases and hire purchase	-	74,489,200	74,489,200		
Total financial assets	5,256,325	87,215,590	92,471,915		
Bank overdrafts	-	453,457	453,457		
Trade and other payables	-	1,270,033	1,270,033		
Short term borrowings	-	76,540	76,540		
Deposits	-	53,854,731	53,854,731	51,802,923	
Long term borrowings	-	6,805,185	6,805,185	6,356,095	
Lease liabilities	-	365,593	365,593	362,500	
Total financial liabilities	-	62,825,539	62,825,539		

Analysis of financial assets and liabilities by measurement basis - Group

As at 31.03.2020

Description	Fair value through profit or loss	Amortised cost	Total	Fair value	Fair value measurement level
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Cash in hand and at banks	-	773,312	773,312		
Fair value through profit or loss financial assets					
Quoted securities	174,542	-	174,542		Level 1
Unquoted securities	100,567	-	100,567		Level 3
Investments in units	5,324,738	-	5,324,738		Level 2
Trade and other receivables	-	1,499,363	1,499,363		
Securities bought under repurchase agreements	-	4,440,427	4,440,427		
Loans and receivables from banks	-	2,403,532	2,403,532		
Loans and receivables from others	-	2,616,233	2,616,233	2,508,473	
Loans and receivables from customers	-	4,167,030	4,167,030	3,699,579	
Net investment in leases and hire purchase	-	74,343,334	74,343,334		
Total financial assets	5,599,847	90,243,231	95,843,078		
Bank overdrafts	-	1,241,075	1,241,075		
Trade and other payables	-	1,297,648	1,297,648		
Short term borrowings	-	982,277	982,277		
Deposits	-	52,912,500	52,912,500	50,999,031	
Long term borrowings	-	7,150,700	7,150,700	6,676,598	
Debentures	-	1,791,038	1,791,038		
Lease liabilities	-	353,415	353,415	352,182	
Total financial liabilities	-	65,728,653	65,728,653		

Analysis of financial assets and liabilities by measurement basis - Company					
As at 30.06.2020					
Description	Fair value through profit or loss	Amortised cost	Total	Fair value	Fair value measurement level
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Cash in hand and at banks	-	1,002,994	1,002,994		
Fair value through profit or loss financial assets					
Quoted securities	204,799	-	204,799		Level 1
Unquoted securities	98,718	-	98,718		Level 3
Investments in units	4,547,320	-	4,547,320		Level 2
Trade and other receivables	-	320,178	320,178		
Securities bought under repurchase agreements	-	3,373,095	3,373,095		
Loans and receivables from banks	-	1,073,672	1,073,672		
Loans and receivables from others	-	1,393,479	1,393,479	1,401,687	
Loans and receivables from customers	-	4,064,748	4,064,748	3,682,573	
Net investment in leases and hire purchase	-	74,489,200	74,489,200		
Total financial assets	4,850,837	85,717,366	90,568,203		
Bank overdrafts	-	442,706	442,706		
Trade and other payables	-	800,370	800,370		
Deposits	-	54,343,891	54,343,891	52,292,083	
Long term borrowings	-	6,798,236	6,798,236	6,349,146	
Lease liabilities	-	529,594	529,594	526,501	
Total financial liabilities	-	62,914,797	62,914,797		
Analysis of financial assets and liabilities by measurement basis - Company					
As at 31.03.2020					
Description	Fair value through profit or loss	Amortised cost	Total	Fair value	Fair value measurement level
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Cash in hand and at banks	-	671,117	671,117		
Fair value through profit or loss financial assets					
Quoted securities	174,324	-	174,324		Level 1
Unquoted securities	98,762	-	98,762		Level 3
Investments in units	5,046,942	-	5,046,942		Level 2
Trade and other receivables	-	566,309	566,309		
Securities bought under repurchase agreements	-	4,440,427	4,440,427		
Loans and receivables from banks	-	2,398,375	2,398,375		
Loans and receivables from others	-	2,026,744	2,026,744	1,918,984	
Loans and receivables from customers	-	4,167,893	4,167,893	3,700,442	
Net investment in leases and hire purchase	-	74,343,334	74,343,334		
Total financial assets	5,320,028	88,614,199	93,934,227		
Bank overdrafts	-	1,224,972	1,224,972		
Trade and other payables	-	913,308	913,308		
Short term borrowings	-	650,295	650,295		
Deposits	-	53,390,977	53,390,977	51,477,508	
Long term borrowings	-	7,148,317	7,148,317	6,674,215	
Debentures	-	1,791,038	1,791,038		
Lease liabilities	-	522,842	522,842	521,609	
Total financial liabilities	-	65,641,749	65,641,749		
<p>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.</p> <p>Level 03 valuations have been determined using valuation techniques which approximate the fair value.</p> <p>Financial instruments measured at amortised cost presented above where the fair value has not been disclosed separately, are approximately representing the fair value of such investments.</p> <p>There have been no transfers among levels 01, 02 and 03.</p>					

Financial assets and financial liabilities measured at fair value - fair value hierarchy				
Fair value through profit or loss financial assets - Group				
30.06.2020	Level 1	Level 02	Level 03	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Investments in quoted securities	205,046	-	-	205,046
Unquoted equities	-	-	100,523	100,523
Investments in units	-	4,950,756	-	4,950,756
	205,046	4,950,756	100,523	5,256,325
Fair value through profit or loss financial assets - Group				
31.03.2020	Level 1	Level 02	Level 03	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Investments in quoted securities	174,542	-	-	174,542
Unquoted equities	-	-	100,567	100,567
Investments in units	-	5,324,738	-	5,324,738
	174,542	5,324,738	100,567	5,599,847
Fair value through profit or loss financial assets - Company				
30.06.2020	Level 1	Level 02	Level 03	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Investments in quoted securities	204,799	-	-	204,799
Unquoted equities	-	-	98,718	98,718
Investments in units	-	4,547,320	-	4,547,320
	204,799	4,547,320	98,718	4,850,837
Fair value through profit or loss financial assets - Company				
.	Level 1	Level 02	Level 03	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Investments in quoted securities	174,324	-	-	174,324
Unquoted equities	-	-	98,762	98,762
Investments in units	-	5,046,942	-	5,046,942
	174,324	5,046,942	98,762	5,320,028
Level 3 - fair value measurement				
The following table shows a reconciliation from the beginning balance to the ending balance for fair value measurement in level 3 of the fair value hierarchy.				
	Group		Company	
	30.06.2020	31.03.2020	30.06.2020	31.03.2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at the beginning of the year	100,567	108,614	98,762	106,524
Changes in fair value during the period	(44)	(8,047)	(44)	(7,762)
	100,523	100,567	98,718	98,762
<p>12 The COVID - 19 pandemic has disrupted business and economic activities and increased uncertainty in the global and local economies. Subsequent to the outbreak of COVID-19 in Sri Lanka, the Company has strictly adhered to the guidelines and directions issued by the Government, Health authorities and the Central Bank of Sri Lanka (CBSL) when conducting its business operations. Accordingly, the Company has provided relief measures including rescheduling of contracts with extended payment periods, deferment of repayment of contracts and waiving-off certain fees including late payment fees, in line with the directions issued by CBSL. The Company is also continuously assessing possible disruptions due to the COVID - 19 pandemic.</p> <p>The Institute of Chartered Accountants of Sri Lanka has provided a guideline in assessing expected credit losses under SLFRS-9. As per this guideline, as a practical expedient, entities are allowed to use the Probability of Default (PD), Loss Given Default (LGD), Economic Factor Adjustment (EFA) and Staging of Contracts applicable as at 31st December 2019.</p> <p>However, the Company has used the Probability of Default, Loss Given Default, Economic Adjustment Factor as used in the audited financial statements as at 31st March 2020, in computing the expected credit losses for the period ended 30th June 2020. This has resulted in a significant increase in impairment charges for the period ended 30th June 2020. The Company is of the view that this higher impairment charge would not pose any additional stress whatsoever on the Company's ability to maintain its minimum regulatory capital which is currently well above the minimum requirements. The Company has also substantially increased its liquid assets and maintains a strong liquidity buffer, well over and above the minimum regulatory requirements.</p> <p>13 A final scrip dividend of Rs.1.20 per share through allotment of new shares has been recommended by the board of directors subject to all regulatory approvals for the financial year ended 31st March 2020 which requires approval of shareholders at the Annual General Meeting to be held on 28th August 2020.</p> <p>14 There have been no material events subsequent to the reporting date which require adjustments to or disclosure in these interim Financial Statements.</p>				

BUSINESS SEGMENT INFORMATION																		
For the three months ended 30th June																		
	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	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenue																		
Interest income	3,922,253	4,835,689	3,603	3,768	-	-	575	155	13,129	13,141	154,833	119,229	619	1,461	-	-	4,095,012	4,973,443
Other revenue	-	-	15,760	27,988	14,202	9,360	658,100	756,306	32,022	92,123	-	-	-	-	-	-	720,084	885,777
Operating lease income	247,589	257,986	-	-	-	-	-	-	-	-	-	-	-	-	-	-	247,589	257,986
Other income	74,457	152,385	55	113	-	-	153	900	4,140	115	156,821	(18,579)	1,118	1,560	-	(11,451)	236,744	125,043
Income from external customers	4,244,299	5,246,060	19,418	31,869	14,202	9,360	658,828	757,361	49,291	105,379	311,654	100,650	1,737	3,021	-	(11,451)	5,299,429	6,242,249
Inter - segment income	7,900	8,440	-	-	321	1,655	39	110	4,839	7,515	3,705	191	11,620	13,820	(28,424)	(31,731)	-	-
Total income	4,252,199	5,254,500	19,418	31,869	14,523	11,015	658,867	757,471	54,130	112,894	315,359	100,841	13,357	16,841	(28,424)	(43,182)	5,299,429	6,242,249
Expenses																		
Interest expenses	1,521,964	1,570,906	-	-	-	-	-	-	-	-	101,663	97,292	5,036	5,527	-	-	1,628,663	1,673,725
Depreciation & amortisation	185,966	184,455	2,216	2,246	-	-	11,054	11,340	3,603	357	-	-	618	620	(11,681)	-	191,776	199,018
Cost of sales	-	-	8,206	12,978	4,843	4,752	540,749	616,230	-	-	-	-	-	-	-	-	553,798	633,960
Impairments and other credit losses	2,468,170	1,015,798	-	5	-	-	1,020	2,206	453	353	22,205	3	(12)	31	(452)	55	2,491,384	1,018,451
Other operating and administrative expenses	713,388	957,806	11,962	14,724	989	2,392	66,856	73,067	22,332	29,700	12	13	2,342	4,013	9,867	-	827,748	1,081,715
	4,889,488	3,728,965	22,384	29,953	5,832	7,144	619,679	702,843	26,388	30,410	123,880	97,308	7,984	10,191	(2,266)	55	5,693,369	4,606,869
Inter - segment expenses	20,435	25,085	-	-	-	-	-	-	7,275	6,646	357	-	357	-	(28,424)	(31,731)	-	-
Total expenses	4,909,923	3,754,050	22,384	29,953	5,832	7,144	619,679	702,843	33,663	37,056	124,237	97,308	8,341	10,191	(30,690)	(31,676)	5,693,369	4,606,869
Segment results	(657,724)	1,500,450	(2,966)	1,916	8,691	3,871	39,188	54,628	20,467	75,838	191,122	3,533	5,016	6,650	2,266	(11,506)	(393,940)	1,635,380
Share of profit of associates, net of tax																	206,125	149,132
Profit / (loss) before VAT on financial services, NBT debt repayment levy and income tax																	(187,815)	1,784,512
Less: VAT on financial services, NBT and debt repayment levy																	-	371,079
Profit / (loss) before income tax																	(187,815)	1,413,433
Less: Income tax expense																	(412,239)	424,344
Profit after income tax																	224,424	989,089
Non-controlling interest																	20,472	22,992
Profit attributable to equity holders of the parent																	203,952	966,097
	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
	30.06.2020	31.03.2020	30.06.2020	31.03.2020	30.06.2020	31.03.2020	30.06.2020	31.03.2020	30.06.2020	31.03.2020	30.06.2020	31.03.2020	30.06.2020	31.03.2020	30.06.2020	31.03.2020	30.06.2020	31.03.2020
Segment assets	91,385,415	92,267,184	641,979	642,855	81,050	72,879	2,486,408	2,708,756	2,341,931	2,246,473	12,534,563	15,359,692	1,165,474	1,157,397	(5,093,484)	(4,894,173)	105,543,336	109,561,063
Investments in associates																	7,965,075	7,430,736
Unallocated assets																	1,123,208	802,868
Total assets	91,385,415	92,267,184	641,979	642,855	81,050	72,879	2,486,408	2,708,756	2,341,931	2,246,473	12,534,563	15,359,692	1,165,474	1,157,397	(5,093,484)	(4,894,173)	114,631,619	117,794,667
Segment liabilities	59,140,009	61,526,669	150,815	148,542	8,313	7,499	591,306	846,090	354,435	297,555	3,831,991	4,012,972	568,811	579,469	(1,117,253)	(971,052)	63,528,427	66,447,744
Unallocated liabilities																	5,027,898	5,824,042
Total liabilities	59,140,009	61,526,669	150,815	148,542	8,313	7,499	591,306	846,090	354,435	297,555	3,831,991	4,012,972	568,811	579,469	(1,117,253)	(971,052)	68,556,325	72,271,786
For the three months ended 30th June	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2,020	2,019
Additions to non-current assets	23,382	19,648	-	70	-	-	7,019	7,605	1,096	25	-	-	-	-	-	-	31,497	27,348
Additions to intangible assets	-	7,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,500
Additions to right of use assets	45,319	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	45,319	-
Cash flows from operating activities	3,680,697	3,142,960	3,013	(933)	(4,774)	1,991	297,375	(111,170)	(16,482)	66,130	244,772	193,870	14,963	35,509	(265)	(4,079)	4,219,299	3,324,278
Cash flows from investing activities	(36,260)	(77,997)	(6,197)	(70)	4,434	(1,698)	(32,059)	(19,708)	(60,159)	(57,478)	76,796	14,216	(1,680)	(24,343)	(4,305)	4,079	(59,430)	(162,999)
Cash flows from financing activities	(2,675,853)	(1,767,895)	5,000	-	-	-	(255,876)	126,986	(4,570)	-	(177,531)	(109,183)	(8,796)	(6,202)	4,570	-	(3,113,056)	(1,756,294)

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+(Ika) by Fitch Ratings Lanka Ltd.

DIRECTORS

A.D.B. Talwatte	- Independent Non - executive Director / Chairman
E.H. Wijenaikie	- Managing Director / Chief Executive Officer
G.S.N. Peiris	- Director (Finance)
A.K. Gunaratne	- Deputy Managing Director/Deputy Chief Executive Officer
D.P. de Silva	- Director/Chief Operating Officer
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
M.H.de Silva	- Independent Non - executive Director

STOCK EXCHANGE LISTING

The ordinary shares of the Company are listed on the Colombo Stock Exchange.

HEAD / REGISTERED OFFICE

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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, Hanwella, Hatton, Hettipola, Hingurakgoda, Hiripitiya, Homagama, Horana, Ja-Ela, Jaffna, Kadawatha, 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, Nattandiya, Nawalapitiya, Negombo, Nikaweratiya, Nittambuwa, Nochchiyagama, Nugegoda, 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
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
DFCC Bank PLC
State Bank of India

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