LOLC DEVELOPMENT FINANCE PLC
(Formerly known as BRAC Lanka Finance PLC)

FINANCIAL STATEMENTS

LOLC DEVELOPMENT FINANCE

For The Year Ended 31st March 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the Year Ended 31st March		
	2019 Rs. '000 (Audited)	**2018 Rs. '000 (Audited)**	**Variance %**
Interest income	4,088,552	4,270,904	-4%
Interest expense	(1,338,866)	(1,464,274)	-9%
Net interest income	**2,749,686**	**2,806,630**	**-2%**
Other operating income (net)	181,549	225,572	-20%
Total operating income	**2,931,235**	**3,032,201**	**-3%**
(Impairment) / reversal of impairment for loans and other losses			
Individual impairment	-	79,938	-100%
Collective impairment	(468,044)	(246,204)	90%
Written off	(427,590)	(341,323)	25%
Net operating income	**2,035,602**	**2,524,613**	**-19%**
Personnel expenses	(908,092)	(795,669)	14%
Other expenses	(1,161,319)	(966,271)	20%
Operating profit/(loss) before value added tax (VAT)	**(33,809)**	**762,672**	**-104%**
VAT on financial services	(105,785)	(191,950)	-45%
Profit/(loss) before tax	**(139,594)**	**570,722**	**-124%**
Tax expenses	(14,025)	(209,035)	-93%
Profit/(loss) for the period	**(153,619)**	**361,686**	**-142%**
Other Comprehensive Income			
Actuarial gain/(losses) on defined benefit plan	14,959	1,248	1099%
Net change in fair value of FVOCI financial assets	(23,685)	26,822	-188%
Income tax recognised in other comprehensive income	(4,188)	(349)	1100%
Total Other Comprehensive Income	**(12,915)**	**27,720**	**-147%**
Total Comprehensive Income	**(166,534)**	**389,406**	**-143%**
Earnings per share on profit			
Basic earnings per ordinary share (Rs.)	(0.65)	1.60	

Figures in brackets indicate deductions

STATEMENT OF FINANCIAL POSITION

	As at 31st March	
	2019 Rs. '000 (Audited)	**2018 Rs. '000 (Audited)**
Assets		
Cash and cash equivalents	177,521	260,495
Investment in term deposits	1,217,996	1,165,073
Loans and receivables - Leases	1,641,797	578,956
Loans and receivables - Hire purchase	867	12,506
Loans and receivables - Others	9,491,310	12,937,845
Financial investments - FVOCI	921,181	1,208,163
Property, plant and equipment	147,740	188,546
Inventories	34,247	-
Other assets	206,569	142,097
Total assets	**13,839,228**	**16,493,681**
Liabilities		
Bank overdrafts	94,669	116,587
Due to customers	2,900,340	5,674,050
Other borrowings	7,985,523	4,982,230
Current tax liabilities	27,700	169,696
Deferred tax liabilities	5,384	32,288
Amount due to related companies	52,742	2,516,882
Other liabilities	213,837	176,290
Total liabilities	**11,280,195**	**13,668,023**
Equity		
Stated capital	1,493,088	1,493,088
Statutory reserve fund	103,732	103,732
Retained earnings	961,428	1,204,367
Other reserves	785	24,471
Total equity	**2,559,033**	**2,825,658**
Total equity and liabilities	**13,839,228**	**16,493,681**

STATEMENT OF CHANGERS IN EQUITY

	For the Year Ended 31st March				
	Capital Reserves			Revenue Reserves	
	Stated Capital Rs '000	**Reserve Fund Rs '000**	**Fair Value Reserve on FVOCI Rs '000**	**Retained Earnings Rs '000**	**Total Equity Rs '000**
Balance as at 1 April 2017	**171,180**	**85,648**	**(2,351)**	**869,384**	**1,123,861**
Total Comprehensive income for the year					
Profit for the Year	-	-	-	361,686	361,686
Other Comprehensive Income / (Expense)					
Acturial gain on defined benefit obligation	-	-	-	1,248	1,248
Deferred Tax effect on defined benefit obligation	-	-	-	(349)	(349)
Net change in fair value of available-for-sale financial assets	-	-	26,822	-	26,822
Total Other Comprehensive Income for the Year	-	-	26,822	899	27,721
Total comprehensive income for the year	-	-	26,822	362,585	389,407
Transactions with Owners directly recorded in the Equity					
Right Issue	1,321,907	-	-		1,321,907
Contributions by and Distributions to Owners					
Dividends paid during the period	-	-	-	(9,518)	(9,518)
Total transactions recorded directly in equity	1,321,907	-	-	(9,518)	1,312,389
Other Movements in Equity					-
Transfer to reserve fund	-	18,084	-	(18,084)	-
Total transactions recorded directly in equity	-	18,084	-	(18,084)	-
Balance as at 31 March 2018	1,493,088	103,732	24,471	1,204,367	2,825,657
Balance as at 1 April 2018	**1,493,088**	**103,732**	**24,471**	**1,204,367**	**2,825,657**
Total Comprehensive Income for the Year					
Profit for the Year	-	-	-	(153,619)	(153,619)
Impact of adoption of SLFRS 9					
Recognition of SLFRS 9 ECLs including those measured at FVOCI	-	-	-	(139,014)	(139,014)
Deferred tax on transitional adjustments	-	-	-	38,924	38,924
Total change in equity due to adopting SLFRS 9 and SLFRS 15	-	-	-	**(100,090)**	**(100,090)**
Other Comprehensive Income / (Expense)					
Actuarial gains on defined benefit obligation	-	-	-	14,959	14,959
Deferred Tax effect on defined benefit obligation	-	-	-	(4,188)	(4,188)
Net change in fair value of FVOCI financial assets	-	-	(23,685)	-	(23,685)
Total Other Comprehensive Income for the Year	-	-	**(23,685)**	**10,770**	**(12,915)**
Total Comprehensive Income for the Year	-	-	**(23,685)**	**(242,940)**	**(266,625)**
Balance as at 31 March 2019	**1,493,088**	**103,732**	**785**	**961,428**	**2,559,033**

Figures in brackets indicate deductions

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KPMG

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of LOLC Development Finance PLC
Report on the Audit of the Financial Statements

Opinion

[illegible]

Basis for Opinion

[illegible]

Key Audit Matters

[illegible]

1 Impairment of Receivable on Lease and Hire- Purchase, and Loans and Receivables and transition with the adoption of SLFRS 9 – "Financial Instruments"

[illegible]

Risk Description

[illegible]

Our Response:

[illegible]

Other Information

[illegible]

Responsibilities of Management and Those Charged with Governance for the Financial Statements

[illegible]

Auditor's Responsibilities for the Audit of the Financial Statements

[illegible]

Report on Other Legal and Regulatory Requirements

[illegible]

Chartered Accountants
Colombo, Sri Lanka
20 June 2019

[illegible]

SELECTED PERFORMANCE INDICATORS (AS PER REGULATORY REPORTING)

Item	As at 31.03.2019	As at 31.03.2018
Regulatory Capital Adequacy		
Core Capital (Tier 1 Capital), RS.'000	2,558,248	2,801,187
Total Capital Base. Rs '000	2,735,544	2,979,474
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum requirement, 6%)	14.18%	19.89%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum requirement, 10%)	15.16%	21.15%
Capital Funds to Deposit Liabilities Ratio (Minimum requirement, 10%)	88.23%	49.80%
Assets Quality (Quality of Loan Portfolio)		
Gross Non-Performing Accommodations, Rs.'000	901,193	227,488
Gross Non-Performing Accommodations Ratio, %	7.44%	1.64%
Net-non performing Accommodations Ratio, %	0.00%	0.00%
Profitability (%)		
Interest Margin	20.72%	17.65%
Return on Assets (before tax)	-1.01%	3.46%
Return on Equity (after Tax)	-6.00%	18.32%
Regulatory Liquidity (Rs. '000)		
Required minimum amount of Liquid Assets	640,700	1,165,437
Available amount of Liquid Assets	1,131,796	1,350,804
Required minimum amount of Government Securities	906,733	803,745
Available amount of Government Securities	921,170	1,195,880
Memorandum information		
Number of employees	958	970
Number of branches	16	16
Number of service centers	60	60

Comparative information:

Comparative information has not been reclassified or restated.

ICRA Lanka reffirms the issuer and issue ratings of LOLC Development Finance PLC A-(Stable).

CERTIFICATION :

We, the undersigned, being the Directors of LOLC Development Finance PLC and the Assistant Manager Finance of LOLC Development Finance PLC certify jointly, that:

(a) The above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka;

(b) The information contained in these statements have been extracted from the unaudited financial statements of the Licensed Finance Company unless indicated as audited.

(sgd)	(sgd)	(sgd)
(Mr) Rohana Kumara Director/Chief Executive Officer	(Mr) R.D. Tissera Director	(Mr) Gayan Herath Assisstant Manager - Finance

20 June 2019
Colombo.