SERENDIB FINANCE LIMITED

(A FULLY OWNED SUBSIDIARY OF COMMERCIAL BANK OF CEYLON PLC)

PUBLICATION OF AUDITED FINANCIAL STATEMENTS AS AT 31.03.2019 AS PER SECTION 29 (2) OF THE FINANCE BUSINESS ACT NO 42 OF 2011

STATEMENT OF FINANCIAL POSITION

As at 31 March	2019 Rs.	2018 Rs.
ASSETS		
Cash and cash equivalents	60,922,009	226,998,250
Loans and receivables - Lease	2,284,813,874	2,493,675,396
Loans and receivables - Hire Purchase	1,829,435	43,552,048
Loans and receivables - Others	3,339,820,602	1,667,555,168
Financial investments	332,084,039	275,916,564
Property, plant and equipment	196,582,613	198,531,775
Intangible assets	10,443,805	7,627,227
Deferred tax assets	157,006,118	-
Other assets	22,103,455	18,035,054
Total assets	**6,405,605,950**	**4,931,891,482**
LIABILITIES		
Due to banks	4,426,027,341	3,668,025,837
Current tax liabilities	-	13,660,833
Deferred tax liabilities	-	1,209,527
Other liabilities	85,211,280	85,239,994
Total liabilities	**4,511,238,621**	**3,768,136,191**
SHAREHOLDERS' FUNDS		
Stated capital	2,079,999,975	1,079,999,992
Statutory reserve fund	23,013,951	22,028,859
Retained earnings	(294,391,823)	(23,046,820)
Other reserves	85,745,226	84,773,260
Total equity	**1,894,367,329**	**1,163,755,291**
Total liabilities and equity	**6,405,605,950**	**4,931,891,482**

SELECTED PERFORMANCE INDICATORS

As at 31 March	2019	2018
Regulatory Capital Adequacy		
Core capital (Tier 1 capital) (Rs. '000)	1,661,320	1,099,130
Total capital base (Rs. '000)	1,828,769	1,099,130
Core capital adequacy ratio; core capital as % of risk weighted assets (minimum requirement, 6%) (2018 - 5%)	23.34%	24.48%
Total capital adequacy ratio; total capital as % of risk weighted assets (minimum requirement, 10%)	23.34%	24.48%
Capital funds to total deposit liabilities ratio (minimum requirement, 10%)	N/A	N/A
Assets Quality (Quality of Loan Portfolio)		
Gross non performing accommodation (Rs. '000)	1,480,025	1,355,428
Gross non performing accommodation ratio (%)	22.33%	26.86%
Net non performing accommodation ratio (%)	3.71%	7.46%
Profitability (%)		
Interest margin	7.46%	6.86%
Return on assets (before tax)	0.35%	-2.94%
Return on equity (after tax)	1.29%	-13.41%
Regulatory Liquidity (Rs. '000)		
Required minimum amount of liquid assets	238,071	273,849
Available amount of liquid assets	360,789	497,298
Required minimum amount of government securities	319,461	273,849
Available amount of government securities	319,553	274,953
Memorandum Information		
Number of employees	120	111
Number of branches	4	5
Number of service centers	6	6
Number of pawning centers	0	0

Certification

We, the undersigned, being the Managing Director / Chief Executive Officer and the Chief Financial Officer of Serendib Finance Limited 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 has been extracted from the audited financial statements of the Company.

……..(Sgd.)
D.M.U.N. Dissanayake
Managing Director / Chief Executive Officer
Date:- 26.06.2019

……..(Sgd.)
C.Y.B. Weerakoon
Chief Financial Officer

SERENDIB FINANCE
FULLY OWNED SUBSIDIARY OF COMMERCIAL BANK OF CEYLON PLC

187 , KATUGASTOTA ROAD, KANDY
☎ 081-2200272- 2213495-6

STATEMENT OF PROFIT OR LOSS

For the Year ended 31 March	2019 Rs.	2018 Rs.
Interest income	816,789,064	911,206,864
Interest expenses	(470,462,645)	(572,627,069)
Net interest income	**346,326,419**	**338,579,795**
Fee and commission income	62,075,679	84,535,910
Fee and commission expenses	(12,451,457)	(17,275,408)
Net fee and commission income	49,624,222	67,260,502
Other operating income	5,381,764	3,181,877
Total operating income	**401,332,405**	**409,022,174**
Impairment for loans and other losses		
Collective impairment	(205,712,726)	(403,072,896)
Net operating income	**195,619,679**	**5,949,278**
Operating expenses		
Personnel cost	(74,832,439)	(73,686,663)
Depreciation and amortization	(10,341,714)	(11,342,420)
Other expenses	(75,737,941)	(76,676,891)
Operating profit / (loss) before taxes on financial services	**34,707,585**	**(155,756,696)**
Taxes on financial services	(14,627,501)	-
Profit / (loss) before taxation	**20,080,084**	**(155,756,696)**
Income tax expense	(378,244)	33,851,467
Profit / (loss) for the year	**19,701,840**	**(121,905,229)**
Earnings per share		
Basic earnings / (loss) per ordinary share	**0.24**	**(3.36)**

STATEMENT OF COMPREHENSIVE INCOME

For the Year ended 31 March	2019 Rs.	2018 Rs.
Profit / (loss) for the year	**19,701,840**	**(121,905,229)**
Other comprehensive income		
Actuarial gains / (losses) on defined benefit plans	410,169	(516,752)
Net change in fair value of FVOCI / available-for-sale financial assets	(396,149)	(639,505)
Less: Tax expense / income relating to components of other comprehensive income	(3,924)	(9,685,865)
Total other comprehensive income, net of taxes	10,096	(10,842,122)
Total comprehensive income for the year, net of taxes	**19,711,936**	**(132,747,351)**

REPORT OF THE AUDITORS

KPMG

KPMG (Chartered Accountants) 32A, Sir Mohamed Macan Markar Mawatha, P. O. Box 186, Colombo 00300, Sri Lanka.
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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SERENDIB FINANCE LIMITED

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Serendib Finance Limited ("the Company"), which comprise the statement of financial position as at 31 March 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion
We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information
Management is responsible for the other information. These financial statements do not comprise other information.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at Sri Lanka Accounting and Auditing Standards website at: http://slaasc.com/auditing/auditorsresponsibility.php. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements
As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company

CHARTERED ACCOUNTANTS
Colombo, Sri Lanka
26 June 2019