



PRIME FINANCE PLC

INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTHS ENDED 31ST MARCH 2020



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STATEMENT OF COMPREHENSIVE INCOME

INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTHS ENDED 31ST MARCH 2020

	FOR THE THREE MONTHS ENDED			FOR THE TWELVE MONTHS ENDED		
	31.03.2020 Unaudited Rs.	31.03.2019 Unaudited Rs.	Variance %	31.03.2020 Audited Rs.	31.03.2019 Audited Rs.	Variance %
Interest Income	286,560,406	266,775,219	7%	1,095,008,764	947,181,264	16%
Interest Expenses	(124,956,098)	(112,114,492)	-11%	(510,766,755)	(407,944,234)	-25%
Net Interest Income	161,604,307	154,660,727	4%	584,242,009	539,237,030	8%
Fee and Commission Income	2,531,592	3,946,541	-36%	12,546,983	21,704,289	-42%
Fee and Commission Income	2,531,592	3,946,541	-36%	12,546,983	21,704,289	-42%
Other Operating Income (net)	32,661,181	50,094,801	-35%	145,938,325	131,936,585	11%
Total Operating Income	196,797,081	208,702,069	-6%	742,727,318	692,877,904	7%
Less: Impairment charges and other losses	(81,105,185)	(7,103,124)	-1042%	(259,100,290)	(86,324,280)	-200%
Net Operating Income	115,691,897	201,598,945	-43%	483,627,029	606,553,624	-20%
Operating Expenses						
Personnel Costs	(26,528,354)	(27,404,984)	3%	(126,051,810)	(113,663,826)	-11%
Depreciation of Property Plant & Equipment	(3,060,652)	(2,918,123)	-5%	(12,723,392)	(12,257,044)	-4%
Depreciation Lease Assets	(14,805,297)	-	-100%	(14,805,297)	-	-100%
Amortisation of Intangible Assets	(207,409)	(197,734)	-5%	(834,195)	(650,160)	-28%
Other Operating Expenses	(21,036,976)	(35,001,615)	40%	(148,250,711)	(151,730,945)	2%
Profit/ (Loss) before VAT on Financial Services, NBT & Debt Repayment Levy	50,053,208	136,076,489	-63%	180,961,623	328,251,649	-45%
VAT on Financial Services, NBT & Debt Repayment Levy	(8,817,732)	(18,142,680)	51%	(44,340,299)	(56,214,302)	21%
Profit/ (Loss) from Operations before Taxation	41,235,476	117,933,809	-65%	136,621,324	272,037,347	-50%
(Provision)/Reversal for Income Taxation	(17,113,690)	(50,742,087)	66%	(65,198,556)	(93,391,864)	30%
Profit/(Loss) for the Year	24,121,786	67,191,722	-64%	71,422,768	178,645,483	-60%
Other Comprehensive Income / (Expenses)						
Other Comprehensive Income Not To Be Reclassified To Profit or Loss						
Actuarial Gain / (Loss) on Retirement Benefit Obligations	(114,453)	488,185	-123%	(114,453)	488,185	-123%
Deferred Tax on above	-	(136,692)	-100%	-	(136,692)	-100%
Other Comprehensive Income/(Expense) for the Period, Net of Taxes	(114,453)	351,493	-133%	(114,453)	351,493	-133%
Total Comprehensive Income/(Expense) for the Year	24,007,333	67,543,215	-64%	71,308,315	178,996,976	-60%
Earnings Per Share (Rs)	0.30	0.99		0.90	2.61	

STATEMENT OF CHANGES IN EQUITY

INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTHS ENDED 31ST MARCH 2020

	Stated Capital	Retained Earnings	Statutory Reserve	Total
	Rs.	Rs.	Rs.	Rs.
Balances as at 01st April 2018	508,500,000	60,591,182	8,691,205	577,782,387
Net Profit for the year		178,645,483		178,645,483
Other Comprehensive Income		488,185		488,185
Deferred Tax on above		(136,692)		(136,692)
Transfer to Statutory Reserve		(8,932,274)	8,932,274	-
Right Issue	864,000,000			864,000,000
Balances as at 31st March 2019	<u>1,372,500,000</u>	<u>230,655,884</u>	<u>17,623,479</u>	<u>1,620,779,363</u>
Balances as at 01st April 2019	1,372,500,000	230,655,884	17,623,479	1,620,779,364
Net Profit for the Year	-	71,422,769	-	71,422,769
Other Comprehensive Income	-	(114,453)	-	(114,453)
Deferred Tax on above	-	-	-	-
Transfer to Statutory Reserve	-	(3,571,138)	3,571,138	-
Transfers during the year	-	-	-	-
Balances as at 31st March 2020	<u>1,372,500,000</u>	<u>298,393,062</u>	<u>21,194,618</u>	<u>1,692,087,680</u>

STATEMENT OF FINANCIAL POSITION

INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTHS ENDED 31ST MARCH 2020

	As At 31.03.2020 Rs. Audited	As At 31.03.2019 Rs. Audited
Assets		
Cash & Cash Equivalents	470,677,758	469,366,656
Financial Assets at Amortised Cost - Loans and Advances	3,918,070,185	3,418,267,118
Financial Assets at Amortised Cost - Lease Rentals Receivable & Stock Out on Hire	676,027,087	886,748,708
Financial Investments at Amortised Cost - Debt & Other Instruments	325,929,573	387,329,553
Financial Investments at Fair Value Through Other Comprehensive Income	56,300	56,300
Other Financial Assets	10,644,921	8,936,585
Inventories - Real Estate Stock	642,774,899	386,746,646
Other Non Financial Assets	26,693,890	11,938,288
Investment Property	106,000,000	105,439,534
Property, Plant & Equipment	23,785,274	27,809,300
Right to Use Asset	38,523,613	-
Intangible Assets	2,406,394	3,240,589
Total Assets	6,241,589,894	5,705,879,277
Liabilities		
Due to Banks and Other Financial Institutions	1,408,313,371	1,094,217,290
Due to Customers	2,759,063,475	2,746,322,013
Other Financial Liabilities	6,542,484	6,575,856
Other Non-Financial Liabilities	341,159,345	180,847,764
Retirement Benefit Liability	6,283,068	4,318,233
Deferred Tax Liability	5,789,495	6,472,052
Income Tax Payable	22,350,974	46,346,706
Total Liabilities	4,549,502,214	4,085,099,914
Shareholders' Funds		
Stated Capital	1,372,500,000	1,372,500,000
Retained Earnings	298,393,062	230,655,884
Other Reserves	21,194,618	17,623,479
Total Shareholders' Funds	1,692,087,680	1,620,779,363
Total Liabilities and Shareholders' Funds	6,241,589,894	5,705,879,277
Commitments and Contingencies	135,209,219	208,924,756
Net Assets Per Share (Rs.)	21.36	20.46

I certify that these Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

Sgd.
T M M Tennakoon
AGM - Finance

Sgd.
H.M.L.M.B. Heenkenda
Chief Executive Officer

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf of the Board by;

Sgd.
M. D. Saddha Mangala Goonetilleke
Director

Sgd.
H. M. Hennayake Bandara
Director

26 th June 2020
Colombo

STATEMENT OF CASH FLOWS

INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTHS ENDED 31ST MARCH 2020

	31.03.2020 Rs. Audited	31.03.2019 Rs. Audited
Cash Flows from / (Used in) Operating Activities		
Profit/(Loss) before Income Tax Expense	136,621,324	272,037,347
Adjustments for		
Depreciation	12,723,392	12,257,044
Amortisation of Intangible Assets	834,195	650,160
Impairment Provision	259,100,290	86,324,280
Interest Cost on Finance Lease	-	17,494
Loss/(Profit) from Sale of Investments	-	-
Diminution/(Appreciation) in Value of Investments	560,466	-
Loss/(Profit) on Disposal of Property & Equipment	(170,871)	(3,160,526)
Provision/(Reversal) for Defined Benefit Plans	2,147,006	2,097,706
Dividend Received	(240,800)	(206,400)
Fair Value - Investment Property	(560,466)	-
Operating Profit before Working Capital Changes	411,014,535	370,017,104
(Increase)/Decrease in Real Estate Stock	(256,028,253)	(257,480,040)
(Increase)/Decrease in Loans and Advances	(692,199,789)	(1,345,185,264)
(Increase)/Decrease in Lease Rentals Receivable & Stock Out on Hire	143,998,319	(412,785,080)
(Increase)/Decrease in Other Financial Assets	(1,708,336)	(7,642,064)
(Increase)/Decrease in Right to Use Asset	(38,523,613)	-
(Increase)/Decrease in Other Non Financial Assets	(10,098,101)	(1,955,128)
Increase/(Decrease) in Amounts Due to Customers	12,741,462	347,154,963
Increase/(Decrease) in Other Financial Liabilities	(33,373)	(112,618)
Increase/(Decrease) in Other Non Financial Liabilities	160,311,581	(42,362,260)
Cash Generated from/(Used in) Operations	(270,525,568)	(1,350,350,386)
Economic Service Charges Paid	(4,657,501)	(5,639,535)
Retirement Benefit Liabilities Paid	(296,624)	(458,700)
Income Tax Paid	(89,876,844)	-
Net Cash From/(Used in) Operating Activities	(365,356,537)	(1,356,448,621)
Cash Flows from / (Used in) Investing Activities		
Acquisition of Property, Plant & Equipment	(8,699,366)	(11,593,721)
Acquisition of Intangible Assets	-	(1,668,437)
Proceeds from Sales of Property , Plant & Equipment	170,871	3,213,044
Net Investments in Banks & Other Financial Institutions	-	77,096,062
Net Investment in Government Bonds & Government Securities	(17,639,597)	(71,610,605)
Dividend Received	240,800	206,400
Net Cash Flows from/(Used in) Investing Activities	(26,487,757)	(4,357,257)
Cash Flows from / (Used in) Financing Activities		
Rights Issue	-	864,000,000
Payment under Finance Lease Liabilities	-	(275,162)
Net Movement in the Bank Borrowings	532,041,382	471,494,292
Net Cash Flows from/(Used in) Financing Activities	532,041,382	1,335,219,130
Net Increase in Cash and Cash Equivalents	140,197,088	(25,586,748)
Net Cash and Cash Equivalents at the beginning of the Year	424,947,236	450,533,984
Cash and Cash Equivalents at the end of the Year	565,144,324	424,947,236

Prime Finance PLC

NOTES TO THE FINANCIAL STATEMENTS

INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTHS ENDED 31ST MARCH 2020

SEGMENTAL INFORMATION

For management purposes, the Company is organised into three operating segments based on services offered to customers as follows.

The following table presents income and profit and certain asset and liability information regarding the Company's operating segments.

	Financial assets at amortised cost - Lease Rentals Receivable & Stock Out on Hire		Financial assets at amortised cost - Loans and Advances		Others		Total	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Interest Income	161,552,128	168,647,846	896,356,302	736,038,681	37,100,334	42,494,738	1,095,008,764	947,181,265
Interest Expenses	(75,355,978)	(72,635,428)	(418,105,329)	(317,006,625)	(17,305,448)	(18,302,181)	(510,766,755)	(407,944,234)
Net Interest Income/(Expenses)	86,196,150	96,012,418	478,250,973	419,032,057	19,794,886	24,192,556	584,242,010	539,237,031
Fee and Commission Income	1,851,119	3,864,500	10,270,756	16,866,039	425,108	973,750	12,546,983	21,704,289
Other Operating Income	-	-	-	-	145,938,325	131,936,585	145,938,325	131,936,585
Impairment (Charge)/Reversal for Loans and Other Credit Losses	(66,733,050)	(22,056,527)	(192,367,240)	(64,267,753)	-	-	(259,100,290)	(86,324,280)
Net Operating Income	21,314,219	77,820,391	296,154,489	371,630,343	166,158,320	157,102,892	483,627,028	606,553,626
Other Costs	42,653,525	47,254,161	236,658,941	206,233,827	9,795,352	11,906,782	289,107,819	265,394,770
Depreciation & Amortisation	2,000,219	2,298,158	11,098,019	10,029,972	459,349	579,074	13,557,587	12,907,204
Profit/ (Loss) before VAT on Financial Services	(23,339,524)	28,268,072	48,397,528	155,366,545	155,903,619	144,617,035	180,961,622	328,251,651
VAT on Financial Services, NBT & Debt Repayment Levy & Income Tax							(109,538,855)	(149,606,169)
Profit/(Loss) for the Year							71,422,768	178,645,483
Segmental Assets	757,061,378	974,228,797	4,387,723,021	3,755,488,151	1,096,805,495	976,162,328	6,241,589,894	5,705,879,275
Segmental Liabilities	551,822,929	697,494,949	3,198,216,470	2,688,725,713	799,462,815	698,789,252	4,549,502,214	4,085,009,913

NOTES TO THE FINANCIAL STATEMENTS

- 1.a. The Interim Financial Statements of the Company have been prepared based on the Sri Lanka Accounting Standards that came into effect from January 01, 2012 (SLFRS/LKAS). There were no changes to the Accounting Policies and methods of computation since the publication of the Audited Financial Statements for the Year Ended 31st March 2019 except described in note "d" below. Further, these Interim Financial Statements have been prepared in compliance with the requirements of the Sri Lanka Accounting Standard (LKAS 34) on Interim Financial Reporting and provide the information required by the Colombo Stock Exchange.
- b. The outbreak of COVID 19 has caused disruptions to business and economic activities, and uncertainty to the global and local economy. The resulting financial and economic market uncertainty could have a significant adverse impact on the future operations of the Company and cause significant adverse changes to assets and liabilities of the Company. However, management is continuously monitoring the impact of COVID-19 on its financial performance, finance position and cash flow of the Company. As a prudential measure, the Company had considered the arrears position, Probability of Default (PD) and Loss Given Default (LGD) as at 31 March 2020 which partially include the impact of Covid 19 for the impairment calculations.
- c. The Company's shares were last traded on 13 March 2020 which was the last traded date of the CSE before the period ended 31 March 2020. CSE was closed from 20 March 2020 to 06 May 2020 due to the Covid 19 pandemic. It should be noted that the last traded price may not be a representative of the actual market price of the share, considering the market conditions that may have prevailed at that time. Therefore, last traded price may not reflect the fair values of the Company's shares as at 31 March 2020.

d. **SLFRS 16- LEASES**

The Company will apply SLFRS 16 by using modified retrospective approach. Therefore, the cumulative effect of adopting SLFRS 16 will be recognized as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information.

Under the Modified retrospective approach, the company measures;

Lease Liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application.

Right-of-use asset at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

IMPACT OF SLFRS 16**Right of Use Asset**

Set out below are the carrying amounts of right-of-use-assets recognized and movements during the year.

Cost	Rs.
Balance as at 01 April 2019	-
Effect of Adoption SLFRS 16 as at 01 April 2019	53,328,910
Additions and Improvements	-
Cost as at 31 March 2020	<u>53,328,910</u>
Accumulated Amortisation	
Balance as at 01 April 2019	-
Effect of Adoption SLFRS 16 as at 01 April 2019	-
Amortisation expenses for the year	14,805,297
Accumulated Amortisation as at 31 March 2020	<u>14,805,297</u>
Net Book Value as at 31 March 2020	<u>38,523,613</u>

Lease Liability

Set out below are the carrying amounts of Lease Liabilities (Included under Other Financial Liabilities) and movements during the year

	Rs.
Balance as at 01 April 2019	-
Effect of Adoption SLFRS 16 as at 01 April 2019	51,508,910
Additions	-
Accretion of Interest	6,202,128
Payments	<u>(18,075,000)</u>
Balance as at 31 March 2020	<u>39,636,038</u>

2. There were no significant changes in the nature of contingent liabilities which were disclosed in the Audited Financial Statements for the year ended 31st March 2019.

NOTES TO THE FINANCIAL STATEMENTS

3. Investor Information

3.1 Directors' and CEO's Shareholding as at 31st March 2020

The number of shares held by the Board of Directors and the CEO are as follows;

Name of the director	No. of shares	(%)
Mr. M. D. Saddha Mangala Goonetilleke	22,000	0.03%
Mrs. H. K. Sadamini Rukmal Perera	110,000	0.14%
Mr. B. Premalal	110,000	0.14%
Mr. Nandana A. Wickramage	20,000	0.03%
Mr. Pathirage Anura W. Perera	50,000	0.06%
Mr. Mahinda Perera	1,000	0.00%
Mr. R. Randeniya	152,000	0.19%
Mr. H. M. Hennayake Bandara	Nil	N/A
Mr. Dhammika Hemantha Kalapuge	Nil	N/A
Mrs. K. D. S. Fernando	Nil	N/A
Mr. H. M. Lucksri Maduranga Bandara Heenkenda (CEO)	Nil	N/A

3.2 Twenty largest shareholders as at 31st March 2020

	Name	No. of shares	% of holding
1	Seylan Bank Plc/Ms.Prime Lands (Pvt) Ltd	74,926,029	94.60%
2	Sampath Bank Plc/ Dr.T.Senthilvert	636,061	0.80%
3	Mr. Weerathunga Arachchige Sampath Palitha De Saram	481,076	0.61%
4	Seylan Bank Plc /F.J.P.Raj	315,231	0.40%
5	Mr. Ruminda Randeniya	152,000	0.19%
6	Mr. Lalith Rukman Jayaweera	113,795	0.14%
7	Mrs. Hene Kankanamge Sandamini Rukmal Perera	110,000	0.14%
7	Mr. Brahmanage Premalal	110,000	0.14%
7	Miss. Shehana Sonali Ann Piumi Brahmanage	110,000	0.14%
10	Mr. Premadasa Manamperi	105,088	0.13%
11	Mr. Ranasinghe Halnetti Padmaperuma Dushantha Rangana	100,100	0.13%
11	Mrs. Deyalage Janitha Shamali	100,100	0.13%
13	Mr. Suppiapillai Karunamoorthy	100,000	0.13%
14	Mr. Mallikage Adeesha Sagara Wijeyeratne	80,000	0.10%
15	Mr. Ganegoda Hitiarachchige Sarath Kumara	75,000	0.09%
16	Bansei Securities Capital (Pvt) Ltd/M.A.Waas	73,036	0.09%
17	The Victoria International Private Limited	65,069	0.08%
18	Bansei Securities Capital (Pvt) Ltd/M.A.U. Gnanatilake	59,389	0.07%
19	Dr. Wele Gedera Jayasinghe Banda	52,766	0.07%
20	Mr. Pathirage Anura Wijesiri Perera	50,000	0.06%
		77,814,740	98.25%
	Others	1,385,260	1.75%
		79,200,000	100.00%

3.3 Public Shareholding as at 31st March 2020

Percentage of Public Holding (Minimum Requirement - 10%)	4.61%
Number of Shares held by Public Shareholders	3,648,971
Number of Public Shareholders (Minimum Requirement - 200 Shareholders)	945
Number of Public and Non-Public Shareholders	955
Market Capitalization as at 31st March, 2020	Rs. 1,092,960,000
Float Adjusted Market Capitalization as at 31st March, 2020	Rs. 50,355,800

Pursuant to Rule 7.13.2 (a) of the Listing Rules of Colombo Stock Exchange (CSE), we write to inform you the status of compliance with Rule 7.13.1 (b) of the Listing rules as of 31st March 2020, as detailed below;

The Company is not in compliance with the Option Two of the Minimum Public Holding requirement specified in Rule 7.13.1 (b). The reason for the aforesaid non-compliance is that the Company has issued 43,200,000 Ordinary Shares in the proportion of Six (06) new Ordinary Shares for every (05) Ordinary Shares in the Capital of the Company by way of a Rights Issue amounting to Rs. 864,000,000/-, to the holders of the issued Ordinary Shares of the Company at the price of Rs. 20/- per share in order to comply with the Minimum Core Capital requirements specified in the Finance Business Act (Minimum Core Capital) Direction No. 02 of 2017 issued by the Monetary Board of Central Bank of Sri Lanka. The majority shareholder, Prime Lands (Private) Limited, undertook to subscribe all remaining unsubscribed shares to enable the Company to meet the regulatory Minimum Core Capital requirements and subscribed 4,128,194 Ordinary Shares as Additional Shares (in addition to the subscription of 38,630,113 provisionally allotted Ordinary Shares) and the Rights Issue was concluded on 26th July, 2018. With the conclusion of the said Rights Issue, the Shareholding of Prime Lands (Private) Limited increased to 94.63% compared to Pre-Rights Issue holding of 89.42%.

To enable the Company to comply with the Minimum Public Holding requirements in terms of Rule 7.13.1 (b) of the Listing Rule of the CSE, the majority shareholder, Prime Lands (Private) Limited have agreed to divest their holding at the proposed Rights issue of shares.

NOTES TO THE FINANCIAL STATEMENTS

3.3.1 Computation of Public Share Holding as at 31st March 2020

	No. of shares as at 31st March 2020	% of shares as at 31st March 2020
<u>Parent, subsidiary or associate entities or any subsidiary or associates of its Parent Entity</u>		
Seylan Bank PLC/M/s Prime Lands (Pvt) Ltd	74,926,029	94.60%
<u>Directors of the entity, their spouses and children under 18 years of age</u>		
Mr. M. D. Saddha Mangala Goonetilleke	22,000	0.03%
Mrs. H. K. Sadamini Rukmal Perera	110,000	0.14%
Mr. B. Premalal	110,000	0.14%
Mr. Nandana A. Wickramage	20,000	0.03%
Mr. Pathirage Anura W. Perera	50,000	0.06%
Mr. Mahinda Perera	1,000	0.00%
Mr. Ruminda Randeniya	152,000	0.19%
Mr. H. M. Hennayake Bandara	Nil	Nil
Mr. Dhammika Hemantha Kalapuge	Nil	Nil
Mrs. Konganeege Dinusha Suraji Fernando	Nil	Nil
<u>Key Management personnel and their close family members</u>		
	Nil	Nil
<u>Other related entities/ parties</u>		
Mr. H.M.N.U. Kumara	50,000	0.06%
Miss. S.S.A.P. Brahamanage	110,000	0.14%
Total non-public share holding	75,551,029	95.39%
Public Share Holding	3,648,971	4.61%
Total Issued Share Capital	79,200,000	100.00%

3.4 Stated Capital

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

	No of Shares as at	
	31-Mar-20	31-Mar-19
Ordinary Shares	79,200,000	79,200,000

3.5 Earning per share

Earning per share has been calculated, for all periods, based on the number of shares in issue as at 31st March 2020

3.6 Market value per share for the quarter ended

	31-Mar-20	31-Mar-19
	Rs.	Rs.
Highest Price	18.00	22.00
Lowest Price	12.20	17.00
Last Traded	13.80	17.00

4 Commitments and Contingencies

There were no material contingent liabilities and /or capital commitments as at reporting date except for the undrawn loan commitment as follows :

	31-Mar-20	31-Mar-19
	Rs.	Rs.
Commitment for Unutilized Facilities	139,978,049	208,924,756

5 Events occurring after Balance Sheet date

There were no material events that have taken place subsequent to the balance sheet date, which require adjustments to or disclosure in the Financial Statements except as explained above.

6 Comparative figures

Comparative period's figures have been presented without any amendment.

7 Determination of Fair Value and Fair Value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by Valuation techniques.

Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

The following table shows an analysis of assets recorded at fair value by level of the fair value hierarchy.

As at 31st March 2020	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Non-Financial Assets				
Investment Property			106,000,000	106,000,000
Financial Assets				
Financial investments at fair value through other comprehensive income				
Unquoted Equities			56,300	56,300
Total Assets Recorded at Fair Value			<u>106,056,300</u>	<u>106,056,300</u>

Set out below is the comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non- financial assets and non- financial liabilities.

	2020				Carrying value at amortised Cost Rs.
	Fair Value Measurement Using				
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total Fair Value Rs.	
Financial Assets					
Financial assets at amortised cost - Loans and Advances			3,603,092,679	3,603,092,679	3,918,070,185
Financial assets at amortised cost - Lease Rentals Receivable & Stock Out on Hire			590,177,621	590,177,621	676,027,087
Financial investments at amortised Cost - Debt & other instruments	211,851,565			211,851,565	325,929,573
Total Financial Assets	<u>211,851,565</u>	<u>-</u>	<u>4,193,270,300</u>	<u>4,405,121,865</u>	<u>4,920,026,845</u>
Financial Liabilities					
Due to Customers			2,759,020,919	2,759,020,919	2,759,063,475
Total Financial Liabilities	<u>-</u>	<u>-</u>	<u>2,759,020,919</u>	<u>2,759,020,919</u>	<u>2,759,063,475</u>

8 RELATED PARTY DISCLOSURES**Transactions with Affiliated Companies**

		Quarter Ended 31st March 2020 Rs.
<u>Items in Statement of Financial Position</u>		
<u>Assets</u>		
Loans given to Prime Lands Residencies (Pvt) Ltd	Loans and Advances	43,531,965
Loans given to Prime Lands Residencies (Pvt) Ltd	Lease Rentals Receivable & Stock Out on Hire	58,204,398
Loans given to Bhoomi Realty Holdings (Pvt) Ltd	Loans and Advances	1,807,422
Loans given to Bhoomi Realty Holdings (Pvt) Ltd	Lease Rentals Receivable & Stock Out on Hire	2,800,971
		<u>106,344,756</u>
<u>Liabilities</u>		
Deposits made by Prime Lands (Pvt) Ltd	Due to Customers	202,033
		<u>202,033</u>
<u>Items in Statement of Comprehensive Income</u>		
Interest Income from Prime Lands Residencies (Pvt) Ltd	Interest Income	4,875,432
Interest Income from Bhoomi Realty Holdings (Pvt) Ltd	Interest Income	232,675
Interest Expense for Prime Lands (Pvt) Ltd	Interest Expense	390,581
Interest Expense for Bhoomi Realty Holdings (Pvt) Ltd	Interest Expense	188,548
		<u>5,687,236</u>

Transactions with Directors' and other KMPs' of the Company and their spouses

		Quarter Ended 31st March 2020 Rs.
Balance as at 31st December 2019.		5,313,224
<u>Items in Statement of Financial Position</u>		
<u>Reported under</u>		
Net Deposits made during the quarter ended 31.03.2020	Due to Customers	51,658
Interest Expense	Interest Expenses	176,996
Interest Paid		<u>(148,195)</u>
Balance as at 31.03.2020		<u>5,393,682</u>
<u>Items in Statement of Comprehensive Income</u>		
Interest Expense on Deposits for the quarter ended 31.03.2020	Interest Expenses	176,996

Name of the Company

Prime Finance PLC

Legal Form

Public Limited Liability Company domiciled in Sri Lanka and incorporated on 10th September 2004 under the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 07 of 2007.

The Company is licensed under the Finance Business Act, No. 42 of 2011.

A registered Finance Leasing Establishment in terms of Finance Leasing Act No. 56 of 2000.

Company registration number is PB 351 PQ

VAT registration No. 134011947 - 7000

Stock Exchange Listing

The Company was listed on the Diri Savi Board of the Colombo Stock Exchange on 12th September 2012.

Board of Directors

1. Mr. M. D. Saddha Mangala Goonetilleke - Chairman/Independent Non Executive Director
2. Mrs. H. K. Sadamini Rukmal Perera - Executive Director
3. Mr. B. Premalal - Non Independent Non Executive Director
4. Mr. Nandana A. Wickramage - Independent Non - Executive Director
5. Mr. Pathirage Anura W. Perera - Non Independent Non Executive Director
6. Mr. H. M. Hennayake Bandara - Independent Non Executive Director
7. Mr. Mahinda Perera - Non Independent Non Executive Director
8. Mr. Dhammika Hemantha Kalapuge - Independent Non Executive Director
9. Mrs. Konganeege Dinusha Suraji Fernando - Executive Director
10. Mr. Ruminda Randeniya - Executive Director

Credit Rating (Issuer Rating)

[SL] BBB- (Stable) From ICRA Lanka Ltd.

Secretaries to the Company

S S P Corporate Services (Private) Limited
No 101, Inner Flower Road, Colombo 03

Head office & registered office of the company

Registered Office :- No.61 ,D.S Senanayake Mawatha, Colombo 08.

Head Office :- No.61 ,D.S Senanayake Mawatha, Colombo 08.

Telephone No :- (+94) 112 679 280 - 82 / (+94) 112 679 285 - 87 / (+94) 112 679 289 - 90 / (+94) 112 473 473
/(+94)117 777 222

Fax No :- (+94) 112 679 284

Corporate Website :- www.primefinance.lk

Bankers of the Company

National Development Bank PLC
Hatton National Bank PLC
Seylan Bank PLC
Commercial Bank PLC
DFCC Bank PLC
Bank of Ceylon
People's Bank
Sampath Bank PLC
Nations Trust Bank PLC
Union Bank

Auditors

Messrs Ernst & Young Chartered Accountants

No. 201, De Saram Place, Colombo.10, Sri Lanka

Lawyers

Paul Ratnayake Associates

No. 59 Gregory Road, Colombo 07.

De Livera Associates

Shrubbery Garden Road, Colombo 04.

Sudath Perera Associates

No.05, 9th Lane , Nawala Road, Nawala 10107.

PRIME FINANCE PLC

**SELECTED PERFORMANCE INDICATORS (AS PER REGULATORY REPORTING)
AS AT 31ST MARCH 2020**

Item	As at	As at
	31.03.2020	31.03.2019
	(Audited)	(Audited)
Regulatory Capital Adequacy		
Core Capital (Tier 1 Capital) Rs. '000	1,660,195	1,588,613
Total Capital Base, Rs. '000	1,737,543	1,654,435
Core Capital to Risk Weighted Assets Ratio (Minimum Requirement , 6.5%)	23.76%	27.28%
Total Capital to Risk Weighted Assets Ratio (Minimum Requirement, 10.5%)	24.87%	28.41%
Capital Funds to Deposit Liabilities Ratio (Minimum requirement, 10%)	60.26%	57.96%
Assets Quality (Quality of Loan Portfolio)		
Gross Non-Performing Accommodation, Rs. '000	1,081,870	251,929
Gross Non-Performing Accommodation Ratio, %	21.17	5.52
Net-Non Performing Accommodation Ratio, %	10.96	0.00
Profitability (%)		
Interest Margin	10.76%	12.44%
Return on Assets (before Tax)	2.29%	5.80%
Return on Equity (after Tax)	4.31%	15.99%
Regulatory Liquidity (Rs. '000)		
Required minimum amount of Liquid Assets	188,875	279,658
Available amount of Liquid Assets	763,821	641,729
Required minimum amount of Government Securities	127,569	119,132
Available amount of Government Securities	210,367	192,069
Memorandum information		
Number of employees	143	128
Number of branches	7	7
Number of service centers	NIL	NIL
Number of pawning centers	NIL	NIL

CERTIFICATION:

We, the undersigned, being the Chief Executive Officer and the AGM Finance of Prime 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.


.....
H.M.L.M.B. Heenkenda
Chief Executive Officer


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T M M Tennakoon
AGM - Finance

26-Jun-20