

DIALOG FINANCE PLC

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED
31 MARCH 2019**

DIALOG FINANCE PLC**Statements of financial position**

(all amounts in Sri Lanka Rupees thousands)

	31 Mar 2019 (Unaudited)	31 Mar 2018 (Audited)
ASSETS		
Cash and cash equivalents	91,704	33,074
Placements with financial institutions	163,100	211,390
Securities purchased under repurchase agreements	17,755	26,609
Financial assets at fair value through profit or loss	907	1,568
Loans and receivables - Leases	89,739	223,956
Loans and receivables - Hire purchase	2,533	15,125
Loans and receivables - Others	909,701	611,282
Financial investments - Available-for-sale	-	346
Financial assets at fair value through other comprehensive income	346	-
Financial investments - Held to maturity	-	60,468
Financial investments at amortised cost	66,368	-
Amount due from related parties	6,842	-
Other assets	53,885	22,743
Right-of-use assets	38,062	-
Intangible assets	57,782	6,336
Property, plant and equipment	96,352	27,677
Deferred tax assets	36,948	19,455
Total assets	1,632,024	1,260,029
LIABILITIES		
Amount due to customers	632,209	830,565
Amount due to related parties	2,823	-
Lease liabilities	38,837	-
Retirement benefit obligations	6,717	6,797
Other payables	117,891	12,651
Total liabilities	798,477	850,013
EQUITY		
Stated capital	909,038	309,889
Statutory reserve fund	11,360	11,360
Other reserves	-	60,000
Retained earnings	(86,851)	28,767
Total equity	833,547	410,016
Total equity and liabilities	1,632,024	1,260,029
Net assets per share (Rs.)	11.54	8.81

The notes on pages 5 to 12 form an integral part of these financial statements.

CERTIFICATION

We certify that the above Interim Financial Statements are in compliance with the requirements of the Companies Act No: 7 of 2007 and give true and fair view of the state of affairs of Dialog Finance PLC as at 31 March 2019 and its loss for the year ended 31 March 2019.

Signed

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Head of Finance

Date: 24/05/2019

Signed

.....

Director/Chief Executive Officer

Date: 24/05/2019

The Board of Directors is responsible for the preparation and presentation of these financial statements.

Signed for and on behalf of the Board of Directors by,

Signed

.....

Director

Date: 24/05/2019

Signed

.....

Director

Date: 24/05/2019

DIALOG FINANCE PLC

Statements of comprehensive income

(all amounts in Sri Lanka Rupees thousands)

	Year ended 31 Mar			Three months ended 31 Mar		
	2019 (Unaudited)	2018 (Audited)	Change %	2019 (Unaudited)	2018 (Unaudited)	Change %
Interest income	231,113	204,821	13	53,600	48,748	10
Less: Interest expense	(86,676)	(93,774)	(8)	(22,216)	(21,816)	2
Net interest income	144,437	111,047	30	31,384	26,932	17
Fee and commission income	92,001	1,811	4,980	20,289	192	10,467
Less: Fee and commission expenses	-	(25)	(100)	-	-	-
Net fee and commission income	92,001	1,786	5,051	20,289	192	10,467
Net (losses) / gains from trading	(662)	225	(394)	(117)	(194)	(40)
Other operating income	8,134	8,251	(1)	2,599	2,150	21
Total operating income	243,910	121,309	101	54,155	29,080	86
Less: Impairment charges and other losses	(133,138)	(54,118)	146	(33,009)	(48,838)	(32)
Net operating income / (expense)	110,772	67,191	65	21,146	(19,758)	207
Less: Operating expenses						
Personnel expenses	(130,533)	(51,112)	155	(40,056)	(15,423)	160
Depreciation and amortisation	(14,833)	(5,465)	171	(9,105)	(1,268)	618
Other expenses	(94,276)	(39,129)	141	(35,730)	(8,248)	333
Operating loss before taxes on Financial Services	(128,870)	(28,515)	(352)	(63,745)	(44,697)	(43)
Less: Taxes on financial services	(125)	(3,248)	(96)	1,475	4,211	(65)
Loss before tax for the period	(128,995)	(31,763)	(306)	(62,270)	(40,486)	(54)
Income tax (expense) / reversal	(415)	9,238	104	-	6,182	100
Loss for the period	(129,410)	(22,525)	(475)	(62,270)	(34,304)	(82)
Other comprehensive income						
Other comprehensive income that will not be reclassified to profit or loss:						
Actuarial gains / (losses) on defined benefit plans	1,311	(635)	306	1,311	-	100
Deferred tax effect on actuarial (gains) / losses	(367)	178	306	(367)	-	(100)
Other comprehensive income, net of tax	944	(457)	307	944	-	100
Total comprehensive income for the period, net of tax	(128,466)	(22,982)	(459)	(61,326)	(34,304)	(79)
Loss per share (annualised)	(1.90)	(0.48)		(3.45)	(2.95)	

The notes on pages 5 to 12 form an integral part of these financial statements.

DIALOG FINANCE PLC**Statement of changes in equity**

(all amounts in Sri Lanka Rupees thousands)

	Note	Stated capital	Retained earnings	Statutory reserve fund	General reserve	Total
Balance at 1 April 2018		309,889	28,767	11,360	60,000	410,016
Impact of adopting SLFRS 9 as at 1 April 2018	5.2	-	(45,926)	-	-	(45,926)
Restated balance under SLFRS 9 as at 1 April 2018		309,889	(17,159)	11,360	60,000	364,090
Loss for the year		-	(129,410)	-	-	(129,410)
Other comprehensive income, net of tax		-	944	-	-	944
Total comprehensive income for the year		-	(128,466)	-	-	(128,466)
Rights issue during the year		599,149	-	-	-	599,150
Rights issue expense		-	(1,226)	-	-	(1,226)
Transferred to retained earnings		-	60,000	-	(60,000)	-
Transferred to statutory reserve fund		-	-	-	-	-
Balance at 31 March 2019		909,038	(86,851)	11,360	-	833,548
Balance at 1 April 2017		309,889	51,749	11,360	60,000	432,998
Loss for the year		-	(22,525)	-	-	(22,525)
Other comprehensive income, net of tax		-	(457)	-	-	(457)
Total comprehensive income for the year		-	(22,982)	-	-	(22,982)
Transferred to statutory reserve fund		-	-	-	-	-
Balance at 31 March 2018		309,889	28,767	11,360	60,000	410,016

The notes on pages 5 to 12 form an integral part of these financial statements.

DIALOG FINANCE PLC**Statements of cash flows**

(all amounts in Sri Lanka Rupees thousands)

	31 Mar	
	2019	2018
	(Unaudited)	(Audited)
Cash flows from operating activities		
Loss before income tax	(128,995)	(31,763)
Adjustment for,		
Interest expenses	86,676	93,774
Depreciation and amortization	13,148	5,465
Depreciation for right-of-use assets	1,685	-
Interest on lease liability	2,475	-
Profit on assets held for sale	-	(879)
Profit on disposal of fixed assets	(400)	(200)
Provision for retirement benefits obligation	1,702	1,782
Net losses / (gains) from trading	662	(225)
Impairment charges and other losses	133,138	54,118
	110,091	122,072
(Increase) / decrease in loans and advances	(348,485)	222,331
Increase in other assets	(38,400)	(8,957)
(Decrease) / increase in amounts due to customers	(192,233)	250,412
Increase / (decrease) in other payables	108,063	(1,182)
	(360,964)	584,676
Cash (used in) / generated from operations		
Interest paid	(92,799)	(91,283)
Payment of retirement gratuity	(471)	-
	(454,234)	493,393
Cash flows from investing activities		
Proceeds from sale of property plant & equipment	400	200
Proceeds from sale of assets held for sale	-	1,575
Acquisition of property plant and equipment	(133,269)	(1,112)
Net Investment in treasury bills	(5,900)	(16,934)
Net cash flow from securities purchased under repurchased agreement	8,853	4,928
Net placements with financial institutions	48,255	(211,390)
	(81,661)	(222,733)
Cash flows from financing activities		
Net cash received on rights issue	597,924	-
Repayment of lease liability	(3,385)	-
	594,539	-
Net increase in cash and cash equivalents	58,644	270,660
Cash and cash equivalents at the beginning of the year	33,074	16,557
Bank overdraft at the beginning of the year	-	(254,143)
	91,718	33,074
Cash and cash equivalents at the end of the period		
Analysis of cash and cash equivalents at the end of the period		
Cash and bank balances	91,718	33,074
Less: Impairment provision	(14)	-
	91,704	33,074

The notes on pages 5 to 12 form an integral part of these financial statements.

DIALOG FINANCE PLC

Financial reporting by segment

(all amounts in Sri Lanka Rupees thousands)

	Leasing & Hire purchase		Treasury / Investments		Margin Trading		Other loan and advance		Device Financing		Unallocated		2019	Total 2018
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018		
For the year ended 31 March														
Net interest income	15,595	32,071	30,934	2,166	7,467	13,076	32,768	63,734	57,673	-	-	-	144,437	111,047
Net Fees and commission income	174	209	-	-	-	-	964	324	90,863	-	-	1,253	92,001	1,786
Other income	3,120	3,999	(407)	225	-	-	4,120	1,782	-	-	639	2,470	7,472	8,476
Operating income by segment	18,889	36,279	30,527	2,391	7,467	13,076	37,852	65,840	148,536	-	639	3,723	243,910	121,309
Total operating income	18,889	36,279	30,527	2,391	7,467	13,076	37,852	65,840	148,536	-	639	3,723	243,910	121,309
Impairment (expenses) / reversal	6,124	3,682	43	-	586	113	(41,429)	(57,913)	(98,462)	-	-	-	(133,138)	(54,118)
Net operating income / (expense)	25,013	39,961	30,570	2,391	8,053	13,189	(3,577)	7,927	50,074	-	639	3,723	110,772	67,191
Operating expenses	(6,505)	(7,942)	(23,639)	(10,929)	(3,556)	(4,263)	(18,461)	(15,995)	(42,115)	-	-	-	(94,276)	(39,129)
Depreciation and amortization	(1,023)	(1,110)	(3,719)	(1,526)	(560)	(595)	(2,905)	(2,234)	(6,626)	-	-	-	(14,833)	(5,465)
Segment result	17,485	30,909	3,212	(10,064)	3,937	8,331	(24,943)	(10,302)	1,333	-	639	3,723	1,663	22,597
Personnel expenses													(130,533)	(51,112)
Loss from operations													(128,870)	(28,515)
Taxes on financial services													(125)	(3,248)
Income tax (expense) / reversal													(415)	9,238
Net profit for the period													(129,410)	(22,525)
Other information														
Segment assets	92,270	239,654	335,322	329,772	50,445	128,635	261,866	482,647	597,390	-	294,732	79,321	1,632,025	1,260,029
Total assets	92,270	239,654	335,322	329,772	50,445	128,635	261,866	482,647	597,390	-	294,732	79,321	1,632,025	1,260,029
Segment liabilities	55,093	172,531	200,216	237,409	30,120	92,607	156,356	347,466	356,691	-	-	-	798,477	850,013
Total liabilities	55,093	172,531	200,216	237,409	30,120	92,607	156,356	347,466	356,691	-	-	-	798,477	850,013

DIALOG FINANCE PLC

Notes to the condensed interim financial statements

(all amounts in the notes are in Sri Lanka Rupees thousands unless otherwise stated)

1 Basis of preparation

The condensed interim financial statements for the year ended 31 March 2019 of the Company have been prepared in accordance with Sri Lanka Accounting Standard LKAS 34, 'Interim Financial Reporting'. The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2018. There were no changes to the accounting policies since the publication of the audited financial statements for the year ended 31 March 2018 other than disclosed in note 5.

2 Events after the reporting period

No material events occurred after the balance sheet date that require adjustments to or disclosure in the financial statements other than those disclosed in note 4 below.

3 Contingent liabilities

There were no material contingent liabilities as at the reporting date which require adjustments to/or disclosures in the financial statements.

4 Rights issue

During the period under review, the Company issued 19,103,158 ordinary shares by way of a Rights Issue in the proportion of thirty-two (32) Ordinary Shares for one hundred and twenty-one (121) Ordinary shares held in the capital of the Company and shares were listed on 26 April 2019. The Company raised Rs. 764,126,320 from the Rights Issue and increased the Stated Capital of the Company from Rs. 909,038,222 representing 72,233,816 shares to Rs. 1,673,164,542 representing 91,336,974 shares.

5 Changes in accounting policies

5.1 SLFRS 15 - Revenue from Contracts with Customers

The Company adopted SLFRS 15 with effect from 1 April 2018. The adoption of SLFRS 15 did not impact the timing or amount of fee and commission income from contracts with customers and the related assets and liabilities recognized by the Company.

5.2 SLFRS 9 - Financial Instruments

The Company adopted SLFRS 9 with effect from 1 April 2018. SLFRS 9, 'Financial Instruments', replaces the provisions of LKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. SLFRS 9 significantly amends other standards dealing with financial instruments such as SLFRS 7 'Financial Instruments: Disclosure'.

In accordance with the transition provisions of the standard, the Company has adopted the new rules retrospectively with the cumulative effect of these standards recognised at the date of initial application. The Company prepared the financial statements for the year ended 31 March 2019 based on SLFRS 9. The comparative information for the year ended 31 March 2018 is reported under LKAS 39 and is not comparable to the information presented for the year ended 31 March 2019.

DIALOG FINANCE PLC

Notes to the condensed interim financial statements

5 Changes in accounting policies (Continued)

5.2 SLFRS 9 - Financial Instruments (Continued)

Reconciliation between the carrying amounts of balances under LKAS 39 to the balances reported under SLFRS 9 as of 1 April 2018.

	LKAS 39 Measurement				Re-measurement Expected credit losses	SLFRS 9 Measurement	
	Note	Category ⁽¹⁾	Amount	Classification		Amount	Category
Cash and cash equivalents		L&R	33,074		(43)	33,031	Amortised cost
Placements with financial Institutions		L&R	211,390		(49)	211,341	Amortised cost
Securities purchased under repurchase agreements		L&R	26,609		-	26,609	Amortised cost
Financial assets at fair value through profit or loss		FVTPL	1,568		-	1,568	Fair value through profit or loss
Loans and receivables-Leases		L&R	223,956		(17,501)	206,455	Amortised cost
Loans and receivables-Hire purchase		L&R	15,125		(2,163)	12,962	Amortised cost
Loans and receivables-Other		L&R	611,282		(44,030)	567,252	Amortised cost
Financial investments-Available-for-Sale		AFS	346	(346)	-	-	
Financial assets at fair value through other comprehensive income	(a)		-	346	-	346	Fair value through other comprehensive income
Financial investments-Held to Maturity	(a)	HTM	60,468	(60,468)	-	-	
Financial investments at amortised cost	(b)		-	60,468	-	60,468	Amortised cost
Other assets			22,743		-	22,743	
Intangible assets			6,336		-	6,336	
Property, plant and equipment			27,677		-	27,677	
Deferred tax asset	(c)		19,455		17,860	37,315	
Total assets			1,260,029		(45,926)	1,214,103	
Liabilities							
Amounts due to customers		Amortised cost	830,565		-	830,565	Amortised cost
Retirement Benefit Obligations		Amortised cost	6,797		-	6,797	Amortised cost
Other payables		Amortised cost	12,651		-	12,651	Amortised cost
Total liabilities			850,013		-	850,013	
Equity							
Stated capital			309,889		-	309,889	
Statutory reserve fund			11,360		-	11,360	
Other reserves			60,000		-	60,000	
Retained earnings	(d)		28,767		(45,926)	(17,159)	
Total equity			410,016		(45,926)	364,090	
Total equity and liabilities			1,260,029		(45,926)	1,214,103	

⁽¹⁾ L&R - Loans & receivables, AFS - Available-for-sale, HTM - Held-to-maturity, FVOCI - Fair value through other comprehensive income, FVTPL - Fair value through profit or loss

DIALOG FINANCE PLC

Notes to the condensed interim financial statements (Continued)

5 Changes in accounting policies (Continued)

5.2 SLFRS 9 - Financial Instruments (Continued)

- (a) Financial assets previously classified under available for sale category have been reclassified as financial assets fair value through other comprehensive income (FVOCI) upon adoption of SLFRS 9.
- (b) As of 1 April 2018, the company elected to classify its previous held to maturity financial investment as financial investments measured at amortised cost, since these instruments met the "Solely Payments of Principal and Interest" (SSPI) criterion.
- (c) The impact of adopting SLFRS 9 on deferred tax is set out under note 5.2 (d) to the financial statements.
- (d) The impact of transition to SLFRS 9 on retained earnings, is as follows;

	Retained earnings
Closing balance under LKAS 39 as at 31 March 2018	28,767
Impact of expected credit losses under SLFRS 9 (note 5.2 (e))	(57,792)
Suspension of interest income	(5,994)
Deferred tax impact on above	17,860
Impact of adopting SLFRS 9 to retained earnings at 1 April 2018	(45,926)
Opening balance under SLFRS 9 as at 1 April 2018	(17,159)

- (e) The following table reconciles the aggregate opening impairment provision allowance under LKAS 39 with the expected credit loss (ECL) allowance under SLFRS 9.

	Impairment provision under LKAS 39 as at 1 April 2018 Re - measurement		ECL under SLFRS 9 as at 1 April 2018
Cash and cash equivalents	-	43	43
Placements with financial institutions	-	49	49
Lease receivable	35,281	14,946	50,227
Hire Purchase receivables	22,394	741	23,135
Factoring receivables	215	270	485
Other loan receivable	62,898	40,108	103,006
Margin trading receivables	2,391	1,635	4,026
	123,179	57,792	180,971

5.3 SLFRS 16 - Leases

The Company early adopted SLFRS 16, 'Leases', with effect from 1 January 2019, which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in the Standard, the Company adopted the new rules under the modified retrospective approach, where the cumulative effect of implementing the Standard shall be recognised at the date of initial application. The Company had no ongoing lease contracts at 31 December 2018. Accordingly, no cumulative effect at the initial date of application.

The following table shows the adjustments recognised for each individual line item affected with the adoption of SLFRS 16 during the year.

	Note	31 March 2019		
		Before SLFRS 16 adjustments	Impact from SLFRS 16	After SLFRS 16 adjustments
Assets				
Right-of-use assets	(a)	-	38,062	38,062
Liabilities				
Lease liabilities	(b)	-	38,837	38,837
Other payables		120,029	(2,138)	117,891
Equity				
Retained earnings		(85,488)	(1,363)	(86,851)

DIALOG FINANCE PLC

Notes to the condensed interim financial statements (Continued)

5 Changes in accounting policies (Continued)

5.3 SLFRS 16 - Leases (Continued)

(a) Right-of-use assets

Right-of-use assets are recognised at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial costs, and
- restoration costs.

The right-of-use assets is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

(b) Lease liabilities

In accordance with provisions of SLFRS 16, lease liabilities were recognised and measured at the present value of the remaining lease payments, discounted using the lessee's increment borrowing rate. Each lease payment is allocated between the lease liability and the finance cost. The finance cost is charged to profit or loss over the lease period at a constant periodic rate of interest on the remaining balance of the liability for each period.

Practical expedients applied

In applying SLFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases, and
- apply the Standard to contracts that were previously identified as leases applying LKAS 17, 'Leases' and IFRIC 4, 'Determining whether an Arrangement contains a Lease'.

6 Related party transactions

Name of the company	Relationship	Nature of transaction	Transactions during the period		Balance (payable) / receivable as at		The rationale for entering into the transaction
			(Accrued) / Charged	(Received) / Paid	31 Mar 19	31 Mar 18	
Dialog Axiata PLC	Parent	Fixed deposits	(36,325)	(93,446)	(423,914)	(294,143)	Funding
Dialog Axiata PLC	Parent	Secondment staff cost	(54,044)	-	(54,044)	-	Service fee
Dialog Axiata PLC	Parent	Receipts	252,163	(187,057)	65,106	-	Collection of rentals

DIALOG FINANCE PLC

Notes to the condensed interim financial statements (Continued)

7 Fair value of financial Instruments

7.1 Valuation models

The determination of fair value for financial assets and financial liabilities for which there is no observable market price, requires the use of valuation techniques as described in notes to the financial statements for financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

7.2 Valuation framework

The Company has an established control framework with respect to the measurement of fair values of investments. The investment committee has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements carried out by the treasury division, which include:

- Verification of observable pricing;
- Re-performance of model valuations;
- Quarterly calibration and back-testing of models against observed market transactions;
- Analysis and investigation of significant daily valuation movements; and
- Review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 as explained below;

When third party information, such as broker quotes or pricing services, is used to measure fair value, documents of evidence obtained from third parties to support the conclusion that such valuations meet the requirements of SLFRS/LKAS.

7.3 Classification of financial assets and financial liabilities

Note	Measurement criteria and the fair value					
	Level 1		Level 3		Total	
	2019	2018	2019	2018	2019	2018
Financial assets						
Financial assets at fair value through profit or loss	907	1,568	-	-	907	1568
Financial assets at fair value through other comprehensive income	(a)	-	346	-	346	-
Financial investments Available-for-Sale	(a)	-	-	346	-	346

(a) Value of unquoted shares of Rs. 0.35Mn as at end of the 31 March 2019 (Rs.0.35Mn as at 31 March 2018) classified under financial assets at fair value through other comprehensive income (Financial investments Available-for-Sale at 31 March 2018)

8 Market price per share

For the quarter ended 31 March	2019 Rs.	2018 Rs.
- Highest	49.90	39.00
- Lowest	33.10	22.00
- Last traded	35.50	25.00

DIALOG FINANCE PLC

Notes to the condensed interim financial statements (Continued)

9 Twenty largest shareholders of the Company

Name of Shareholders	No. of shares	% Holding
1 Dialog Axiata PLC	71,421,450	98.88%
2 Mr.R.C.J Goonewardene	108,716	0.15%
3 Mr.L.C.Y Welikala	22,600	0.03%
4 Mr.P.S.M Fernando	22,173	0.03%
5 Mr. R.E Rambukwella	20,647	0.03%
6 Mrs.A.A.Raaymakers	19,802	0.03%
7 Mr.K.N.R.L.W Nandasiri / T.B.Ratna Sujeewa Tennakoon Banda	18,632	0.03%
8 Mr.K.A.D.R.N Gunawardena	15,801	0.02%
9 People's Leasing & Finance PLC / C.D.Kohombanwickramage	16,066	0.02%
10 Mr.B.C.V Mendis	15,727	0.02%
10 Mr.B.C.N Mendis	15,727	0.02%
12 Mr.S.L Paranamange	13,700	0.02%
13 Mr.W.S Perera / MRS. H.M.C.M. Perera	12,911	0.02%
14 Mr.R.L.G Fernando	12,000	0.02%
15 Mr.N.S Wijesekara	11,813	0.02%
16 Mr.O.W.D Yasapala	11,000	0.02%
17 Mr.G.D.M Ranasinghe / Mr.O.R.K Ranasinghe	10,000	0.01%
17 Mr.H.V.S.M Navaratne	10,000	0.01%
19 Mr.T.D Mahaliyana	9,940	0.01%
20 Mr.T Thiruththanigainathan	9,763	0.01%
	71,796,620	99.39%
Others	437,196	0.61%
Total	72,233,816	100.00%

10 Directors' shareholdings

None of the Directors and their close family members held any shares in the Company as at 31 March 2019.

11 Public shareholdings

Information pertaining to public shareholding is as follows:

	31 Mar 2019	31 Mar 2018
Public holding percentage	1.12%	1.13%
Number of public shareholders	779	544

(a) Float Adjusted Market Capitalization as at 31 March 2019 was - Rs. 28,720,165

(b) The Company is not compliant with the Minimum Public Holding requirement under Option 2 of Rule 7.13.1(b) of the Listing Rules of the Colombo Stock Exchange ("CSE"). However, in terms of Listing Rule 7.13.3 (iii), the CSE has granted an exemption to the Company up to 2 August 2019 to comply with the minimum public holding requirement, subject to the Company making appropriate disclosures to the market in this regard.

DIALOG FINANCE PLC**Notes to the condensed interim financial statements (Continued)****12 Rights issue funds utilisation as at 31 March 2019**

Objective number	Objective as per Circular	Amount allocated as per Circular Rs.	Proposed date of utilisation as per Circular	Amount allocated from proceeds Rs. (A)	% of total proceeds	Amounts utilised Rs. (B)	% of utilisation against allocation (B/A)	Clarification if not fully utilised including where the funds are invested
1	To expand the lending portfolio of the company	597,609,551	Financial year 2018/19	597,923,694	99.80%	434,823,824	73%	Remaining funds are placed with Banks and Financial Institutes
2	Expenses relating to the R/I	1,540,000	Financial year 2018/19	1,225,857	0.20%	1,225,857	100%	-

DIALOG FINANCE PLC**Selected performance indicators**

Item	As at 31 Mar 2019	As at 31 Mar 2018
Regulatory capital adequacy		
Core capital (Tier I capital), Rs. '000	909,795	410,016
Tier I Capital (after adjustments), Rs. '000	811,790	-
Total capital base, Rs. '000	811,790	410,016
Risk weighted assets, Rs. '000	1,820,541	960,750
Core capital adequacy ratio		
(As a % of risk weighted assets - Minimum requirement - 6%)	44.59%	42.68%
Total capital adequacy ratio		
(As a % of risk weighted assets - Minimum requirement - 11%)	44.59%	42.68%
Capital funds to deposit liabilities ratio		
(Minimum requirement, 10%)	105%	49.37%
Assets quality (quality of loan portfolio)		
Gross non-performing accommodations, Rs'000	329,675	137,064
Gross non-performing accommodations Ratio, %	24.84%	14.07%
Net-non-performing accommodations Ratio, %	7.04%	1.74%
Profitability		
Interest margin, %	8.79%	8.74%
Return on assets (before taxes), %	-6.93%	-2.50%
Return on equity (after taxes), %	-13.77%	-5.12%
Regulatory liquidity (Rs. '000)		
Required minimum amount of liquid assets	63,329	83,056
Available amount of liquid assets	212,226	118,156
Required minimum amount of government securities	61,582	51,990
Available amount of government securities	81,742	85,082
Memorandum information		
Number of employees	175	39
Number of branches	2	2

Corporate Information

Name of the Company

Dialog Finance PLC

Legal Form and Stock Exchange Listing

A Public Quoted Company with Limited Liability Shares were quoted on the Diri Savi Board of the Colombo Stock Exchange on 04th day of October 2011.

Date of Incorporation

25 November 1981

Company Registration No.

PB 765 PQ

Board of Directors

Dr. Hansa Wijayasuriya - Chairman

Mr. Supun Weerasinghe

Mr. Roshaan Hettiaratchi

Mr. Priyan Edirisinghe

Mr. Sheyantha Abeykoon

Mr. Asanga Priyadarshana - CEO / Director

Registered Office

No. 475, Union Place, Colombo 2

Colombo Office

2nd Floor, Parkland 01, No. 33, Park Street, Colombo 02.

Tel : + 94 11 4317317

Fax :+ 94 11 4317335

E-mail: financialservice@dialog.lk

Bankers

Seylan Bank PLC

Commercial Bank of Ceylon PLC

Nations Trust Bank PLC

Bank of Ceylon

DFCC Bank PLC

Union Bank of Colombo PLC

Cargills Bank Ltd

People's Bank

Hatton National Bank PLC

Auditors

Messrs. PricewaterhouseCoopers

Chartered Accountants

100, Braybrooke Place

Colombo 02, Sri Lanka

Compliance Officer

Ms. Pamodha Subasinghe

Credit Rating

AA (Ika) was affirmed by Fitch Ratings Lanka Ltd

Tax Payer Identification Number (TIN)

104079687