

DIALOG FINANCE PLC

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

STATEMENT OF PROFIT OR LOSS

For the 6 months ended 30 June 2020

For the period ended	In Sri Lanka Rupees Thousands	
	30 June 2020 (Unaudited)	30 June 2019 (Unaudited)
Interest income	106,422	118,695
Interest expense	(34,918)	(38,371)
Net interest income	71,504	80,324
Fee and commission income	695	44,030
Fee and commission expense	-	-
Net fee and commission income	695	44,030
Net (losses) / gains from trading	(333)	(177)
Net (losses) / gains from financial instruments designated at fair value through profit or loss	-	-
Net gains / (losses) from financial investments	-	-
Other operating income	6,567	4,829
Total operating income	78,433	129,006
Impairment expenses for loans and advances and other losses		
Individual impairment	(7,310)	(3,260)
Collective impairment	(55,440)	(59,105)
Others	-	43
Net operating income	15,683	66,684
Personnel expenses	(68,615)	(84,998)
Depreciation and amortisation	(20,897)	(16,222)
Other expenses	(61,149)	(75,809)
Operating loss before taxes on financial services	(134,978)	(110,345)
Taxes on financial services	-	1,475
Operating loss after taxes on financial services	(134,978)	(108,870)
Share of profits of associates and joint ventures	-	-
Loss before tax for the period	(134,978)	(108,870)
Income tax reversal / (expense)	-	-
Loss for the period	(134,978)	(108,870)
Basic loss per share (Rs.)	(1.44)	(1.38)

SELECTED PERFORMANCE INDICATORS (AS PER REGULATORY REPORTING)

As at 30 June 2020

Item	As at 30 June 2020	As at 30 June 2019
Regulatory Capital Adequacy		
Core capital (Tier I capital), Rs. '000	1,963,441	1,530,612
Tier I capital (after adjustments), Rs. '000	1,846,903	1,434,443
Total capital Base, Rs. '000 (Tier I capital + Tier II capital)	1,846,903	1,434,443
Core capital adequacy ratio, as a % of risk weighted assets (Minimum requirement - 30 June 2020 - 6.5%, 30 June 2019 - 6.0%)	101.07%	65.14%
Total capital adequacy ratio, as a % of risk weighted assets (Minimum requirement - 30 June 2020 - 10.5%, 30 June 2019 - 10.0%)	101.07%	65.14%
Capital funds to deposit liabilities ratio (Minimum requirement, 10%) (Note (a))	245%	204%
Assets Quality (Quality of loan portfolio)		
Gross non - performing accommodations, Rs.'000	616,486	403,809
Gross non - performing accommodations ratio, %	50.20%	28.44%
Net - non performing accommodations ratio, %	7.42%	7.67%
Profitability (%)		
Net interest margin	5.86%	8.53%
Return on assets (before taxes)	-9.59%	-7.60%
Return on equity (after taxes)	-14.68%	-11.91%
Regulatory Liquidity (Rs. '000)		
Required minimum amount of liquid assets (Note (b))	57,425	67,472
Available amount of liquid assets	1,766,696	854,708
Required minimum amount of government securities (Note (c))	36,765	62,535
Available amount of government securities	80,086	309,132

Note (a) - The capital funds to deposit liabilities ratio is computed on the following basis: Capital funds as a percentage of average of quarter end deposit liabilities during the year.

Note (b) - Required minimum amount of liquid assets equals to 10% of the outstanding value of the time deposits and borrowings as at 30 June 2020 and 30 June 2019.

Note (c) - Required minimum amount of government securities equals to 7.5% of the average of month end deposit liabilities and borrowings of the twelve months of preceding financial year.

Memorandum Information

Number of employees	143	174
Number of branches	02	02
Number of service centers	-	-
Number of pawning centers	-	-

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the 6 months ended 30 June 2020

For the period ended	In Sri Lanka Rupees Thousands	
	30 June 2020 (Unaudited)	30 June 2019 (Unaudited)
Loss for the period	(134,978)	(108,870)
Other comprehensive income, net of tax		
Item that will not be reclassified to profit or loss:		
Remeasurement of defined benefit obligation	-	1,311
Deferred tax effect on other comprehensive income	-	(367)
Other comprehensive income for the period, net of tax	-	944
Total comprehensive income for the period, net of tax	(134,978)	(107,926)

STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

As at	In Sri Lanka Rupees Thousands	
	30 June 2020 (Unaudited)	30 June 2019 (Unaudited)
Assets		
Cash and cash equivalents	560,525	270,708
Placements with financial institutions	1,124,987	395,220
Securities purchased under repurchase agreements	80,870	244,289
Financial assets at fair value through profit or loss	897	846
Loans and receivables - leases	42,931	76,077
Loans and receivables - hire purchase	-	-
Loans and receivables - other	686,050	977,757
Financial assets at fair value through other comprehensive income	1,980	346
Financial investments at amortised cost	2,083	67,400
Other assets	265,938	133,252
Current tax receivable	6,255	4,904
Right-of-use assets	25,321	35,418
Property, plant and equipment	75,086	123,654
Intangible assets	79,591	89,286
Deferred tax asset	36,948	36,948
Total assets	2,989,462	2,456,105
Liabilities		
Financial liabilities at amortised cost - due to customers	883,334	668,512
Retirement benefit obligations	8,511	6,660
Lease liabilities	25,378	37,001
Other liabilities	53,661	192,857
Total liabilities	970,884	905,030
Equity		
Stated capital	2,374,510	1,673,165
Statutory reserve fund	11,361	11,361
Fair value through other comprehensive income reserve	1,471	-
Accumulated losses	(368,764)	(133,451)
Total equity	2,018,578	1,551,075
Total equity and liabilities	2,989,462	2,456,105
Net assets per share (Rs.)	18.56	16.98
Contingent liabilities and commitments	289,667	174,162

Note: Amounts stated are in net of impairment and depreciation.

Certification:

We, the undersigned, being Directors, Director / Chief Executive Officer and Head of Finance of Dialog Finance PLC certify jointly that:

- the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka;
- the information contained in these statements have been extracted from the unaudited financial statements of Dialog Finance PLC unless indicated as audited.

(Signed)

Head of Finance
Date : 21 August 2020

(Signed)

Director / Chief Executive Officer
Date : 21 August 2020

(Signed)

Director
Date : 21 August 2020

(Signed)

Director
Date : 21 August 2020

Licensed by the Monetary Board of the Central Bank of Sri Lanka under the Finance Business Act No. 42 of 2011

Date of Incorporation - 25th November 1981

Registered Office: No. 475, Union Place, Colombo 2. Tel: 011 4 317 317
Credit rating fitch AA(lka) stable