



# Senkadagala Finance PLC

**Interim Financial Statements for the period ended  
30 June 2022**



**Fitch Ratings Lanka Limited:  
BBB+ (lka)**

**Senkadagala Finance PLC**

## Statement of profit or loss

For the three month period ended 30 June	Company			Group		
	2022 Rs.	2021 Rs.	Change %	2022 Rs.	2021 Rs.	Change %
<b>Gross income</b>	<b>1,560,793,865</b>	<b>1,421,581,243</b>	<b>10</b>	<b>1,585,719,810</b>	<b>1,467,405,490</b>	<b>8</b>
Interest income	1,516,087,119	1,386,866,831	9	1,517,991,149	1,387,034,735	9
Interest expense	(709,097,642)	(657,355,518)	8	(708,823,109)	(657,615,530)	8
<b>Net interest income</b>	<b>806,989,477</b>	<b>729,511,313</b>	<b>11</b>	<b>809,168,040</b>	<b>729,419,205</b>	<b>11</b>
Fee and commission income	5,338,619	9,909,819	(46)	46,645,363	54,587,232	(15)
Fee and commission expense	(4,324,009)	(1,558,596)	177	(4,324,009)	(1,558,596)	177
<b>Net fee and commission income</b>	<b>1,014,610</b>	<b>8,351,223</b>	<b>(88)</b>	<b>42,321,354</b>	<b>53,028,636</b>	<b>(20)</b>
Net gain from trading	-	7,367,649	(100)	5,285,882	7,895,672	(33)
Net (loss)/gain from financial instruments designated at fair value through profit or loss	(22,851,223)	2,715,960	(941)	(28,568,708)	3,241,867	(981)
Other operating income	62,219,350	14,720,984	323	44,366,124	14,645,984	203
<b>Net other operating income</b>	<b>39,368,127</b>	<b>24,804,593</b>	<b>59</b>	<b>21,083,298</b>	<b>25,783,523</b>	<b>(18)</b>
<b>Total operating income</b>	<b>847,372,214</b>	<b>762,667,129</b>	<b>11</b>	<b>872,572,692</b>	<b>808,231,364</b>	<b>8</b>
Impairment charges and other credit losses	(249,321,842)	(474,583,810)	(47)	(249,321,842)	(474,583,810)	(47)
<b>Net operating income</b>	<b>598,050,372</b>	<b>288,083,319</b>	<b>108</b>	<b>623,250,850</b>	<b>333,647,554</b>	<b>87</b>
Personnel expenses	(206,052,110)	(166,322,900)	24	(216,689,641)	(173,147,820)	25
Depreciation expense	(94,802,576)	(102,220,493)	(7)	(96,974,168)	(104,420,118)	(7)
Amortisation expense	(3,662,519)	(2,975,550)	23	(3,681,842)	(2,989,786)	23
Other operating expenses	(181,682,700)	(114,752,073)	58	(184,564,085)	(117,165,332)	58
<b>Operating profit before taxes on financial services</b>	<b>111,850,467</b>	<b>(98,187,697)</b>	<b>214</b>	<b>121,341,114</b>	<b>(64,075,502)</b>	<b>289</b>
Taxes on financial services	(72,495,622)	(47,791,975)	52	(72,495,622)	(47,791,975)	52
<b>Profit/(loss) before income tax</b>	<b>39,354,845</b>	<b>(145,979,672)</b>	<b>127</b>	<b>48,845,492</b>	<b>(111,867,477)</b>	<b>144</b>
Income tax expense	5,429,097	(6,707,266)	(181)	(740,495)	(12,483,181)	(94)
<b>Profit/(loss) for the period</b>	<b>44,783,942</b>	<b>(152,686,938)</b>	<b>129</b>	<b>48,104,997</b>	<b>(124,350,658)</b>	<b>139</b>
Basic/diluted earnings per share	0.51	(2.05)	125	0.55	(1.67)	133

Figures in brackets in 2022 and 2021 columns indicate deductions.  
The above figures are provisional and subject to audit.

**Statement of other comprehensive income**

<i>For the three month period ended 30 June</i>	<b>Company</b>			<b>Group</b>		
	<b>2022</b>	<b>2021</b>	<b>Change</b>	<b>2022</b>	<b>2021</b>	<b>Change</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>%</b>	<b>Rs.</b>	<b>Rs.</b>	<b>%</b>
Profit/(loss) for the period	44,783,942	(152,686,938)	129	48,104,997	(124,350,658)	139
<b>Other comprehensive income</b>						
<b>Items that will not be reclassified to profit or loss</b>						
Actuarial gain /(loss) on defined benefit plans	-	-	-	-	-	-
Deferred tax effect on actuarial loss	-	-	-	-	-	-
Changes in fair value of investments in equity at fair value through other comprehensive income	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>44,783,942</b>	<b>(152,686,938)</b>	<b>129</b>	<b>48,104,997</b>	<b>(124,350,658)</b>	<b>139</b>

*Figures in brackets in 2022 and 2021 columns indicate deductions.*

*The above figures are provisional and subject to audit.*

## Statement of financial position

As at	Company			Group		
	30.06.2022 Rs.	31.03.2022 Rs. Audited	30.06.2021 Rs.	30.06.2022 Rs.	31.03.2022 Rs. Audited	30.06.2021 Rs.
<b>Assets</b>						
Cash and cash equivalents	433,047,591	627,213,024	553,423,169	458,910,522	664,573,516	589,155,229
Deposits with licensed commercial banks	7,879,016,979	6,789,342,503	4,083,286,192	7,887,181,724	6,797,594,653	4,083,286,192
Repurchase agreements	1,442,491,369	1,557,904,480	372,656,658	1,442,491,369	1,557,904,480	372,656,658
Financial assets held at fair value through profit or loss	524,758,588	287,661,234	1,183,470,628	549,310,892	355,645,146	1,240,127,286
Financial assets at amortised cost - Finance leases and hire purchases	21,936,365,986	22,780,618,451	23,813,338,131	21,936,365,986	22,780,618,451	23,813,338,131
Financial assets at amortised cost - Other loans and receivables	4,320,674,029	3,321,278,114	2,843,095,493	4,320,845,529	3,321,523,114	2,843,287,993
Financial assets measured at fair value through other comprehensive income	14,762,768	14,762,768	15,464,873	14,762,768	14,762,768	15,464,873
Financial assets at amortised cost - Other financial instruments	1,121,635,133	1,035,774,578	1,029,655,755	1,121,635,133	1,035,774,578	1,029,655,755
Investments in subsidiaries	328,301,663	328,301,663	328,301,663	-	-	-
Investment property	355,895,684	356,952,871	360,124,433	260,234,172	261,291,359	264,462,921
Property, plant and equipment	1,274,377,649	1,334,764,142	1,471,141,453	1,283,070,621	1,343,982,403	1,481,386,453
Intangible assets	60,509,614	64,030,133	52,143,822	61,038,473	64,578,315	52,749,972
Right-of-use assets	367,274,682	361,074,334	399,492,670	378,607,940	374,026,629	417,302,075
Other assets	89,960,525	137,728,644	178,514,343	77,128,796	98,611,151	182,767,149
<b>Total assets</b>	<b>40,149,072,260</b>	<b>38,997,406,939</b>	<b>36,684,109,283</b>	<b>39,791,583,925</b>	<b>38,670,886,563</b>	<b>36,385,640,687</b>
<b>Liabilities</b>						
Due to banks	8,170,288,636	6,691,396,111	6,143,209,154	8,170,288,636	6,691,396,111	6,143,554,762
Financial liabilities at amortised cost - Due to depositors	10,461,820,289	10,823,983,380	12,002,106,398	10,384,721,260	10,782,338,451	11,974,318,467
Financial liabilities at amortised cost - Other borrowings	10,804,749,082	10,447,595,018	8,810,047,804	10,804,749,082	10,447,595,018	8,810,047,804
Subordinated debentures	1,824,641,351	1,768,547,190	1,824,410,458	1,824,641,351	1,768,547,190	1,824,410,458
Lease liability	370,047,489	357,216,955	372,364,247	383,426,091	372,152,014	390,716,719
Deferred tax liabilities	100,776,787	150,572,153	218,653,138	99,627,881	149,430,114	217,930,747
Current tax payable	81,823,287	206,362,197	201,228,069	85,587,874	209,737,818	201,405,563
Amounts due to related company	282,122,456	282,122,456	282,185,096	-	-	-
Employee retirement benefits	117,316,374	108,920,569	159,526,378	122,400,680	113,524,408	163,749,145
Other liabilities	244,930,987	514,919,330	501,309,189	249,574,094	517,703,460	516,236,168
<b>Total liabilities</b>	<b>32,458,516,738</b>	<b>31,351,635,359</b>	<b>30,515,039,931</b>	<b>32,125,016,949</b>	<b>31,052,424,584</b>	<b>30,242,369,833</b>
<b>Equity</b>						
Stated capital	2,424,777,045	2,424,777,045	1,950,237,980	2,424,777,045	2,424,777,045	1,950,237,980
Statutory reserve fund	506,036,033	506,036,033	460,036,033	510,997,079	510,997,079	464,997,079
Fair value reserve	4,058,762	4,058,762	4,760,867	4,058,762	4,058,762	4,760,867
Retained earnings	4,755,683,682	4,710,899,740	3,754,034,472	4,726,734,090	4,678,629,093	3,723,274,928
<b>Total equity</b>	<b>7,690,555,522</b>	<b>7,645,771,580</b>	<b>6,169,069,352</b>	<b>7,666,566,976</b>	<b>7,618,461,979</b>	<b>6,143,270,854</b>
<b>Total liabilities and equity</b>	<b>40,149,072,260</b>	<b>38,997,406,939</b>	<b>36,684,109,283</b>	<b>39,791,583,925</b>	<b>38,670,886,563</b>	<b>36,385,640,687</b>
<b>Net assets per share</b>	<b>89.14</b>	<b>88.62</b>	<b>79.45</b>	<b>88.86</b>	<b>88.30</b>	<b>79.11</b>

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit, unless stated otherwise.

It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007 and the Finance Business Act No.42 of 2011.

Sgd.

P K Rajapaksa  
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved and signed for and on behalf of the Board.

Sgd.

W M R S Dias  
Chairman

Sgd.

S D Bandaranayake  
Additional Chief Executive Officer

Colombo, Sri Lanka  
12 August 2022

## Statement of changes in equity

	Stated capital	Statutory reserve fund	Fair value reserve	Retained earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Company</b>					
<b>Balance as at 1 April 2021</b>	1,587,862,680	460,036,033	4,760,867	3,906,721,410	5,959,380,990
Total comprehensive income for the period					
Profit for the period	-	-	-	(152,686,938)	(152,686,938)
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(152,686,938)	(152,686,938)
<i>Transactions with equity holders recognised directly in equity</i>					
Rights issue of shares	362,375,300	-	-	-	362,375,300
Total contributions from and distributions to equity holders	362,375,300	-	-	-	362,375,300
<b>Balance as at 30 June 2021</b>	<u>1,950,237,980</u>	<u>460,036,033</u>	<u>4,760,867</u>	<u>3,754,034,472</u>	<u>6,169,069,352</u>
<b>Balance as at 1 April 2022</b>	2,424,777,045	506,036,033	4,058,762	4,710,899,740	7,645,771,580
Total comprehensive income for the period					
Profit for the period	-	-	-	44,783,942	44,783,942
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	44,783,942	44,783,942
<i>Transactions with equity holders recognised directly in equity</i>					
Dividends paid	-	-	-	-	-
Total contributions from and distributions to equity holders	-	-	-	-	-
<b>Balance as at 30 June 2022</b>	<u>2,424,777,045</u>	<u>506,036,033</u>	<u>4,058,762</u>	<u>4,755,683,682</u>	<u>7,690,555,522</u>
<b>Group</b>					
<b>Balance as at 1 April 2021</b>	1,587,862,680	464,997,079	4,760,867	3,847,625,586	5,905,246,212
Total comprehensive income for the period					
Profit for the period	-	-	-	(124,350,658)	(124,350,658)
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(124,350,658)	(124,350,658)
<i>Transactions with equity holders recognised directly in equity</i>					
Rights issue of shares	362,375,300	-	-	-	362,375,300
Total contributions from and distributions to equity holders	362,375,300	-	-	-	362,375,300
<b>Balance as at 30 June 2021</b>	<u>1,950,237,980</u>	<u>464,997,079</u>	<u>4,760,867</u>	<u>3,723,274,928</u>	<u>6,143,270,854</u>
<b>Balance as at 1 April 2022</b>	2,424,777,045	510,997,079	4,058,762	4,678,629,093	7,618,461,979
Total comprehensive income for the period					
Profit for the period	-	-	-	48,104,997	48,104,997
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	48,104,997	48,104,997
<i>Transactions with equity holders recognised directly in equity</i>					
Dividends paid	-	-	-	-	-
Total contributions from and distributions to equity holders	-	-	-	-	-
<b>Balance as at 30 June 2022</b>	<u>2,424,777,045</u>	<u>510,997,079</u>	<u>4,058,762</u>	<u>4,726,734,090</u>	<u>7,666,566,976</u>

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit.

## Statement of cash flows

For the three month period ended 30 June	Company		Group	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
<b>Cash flows from operating activities</b>				
Interest and commission receipts	1,125,116,981	557,043,662	1,168,327,755	601,888,979
Interest payments	(613,284,172)	(599,800,970)	(612,598,096)	(599,516,952)
Recoveries of bad debts	5,232,400	6,200,713	5,232,400	6,200,713
Other operating income	11,330,950	16,593,445	11,255,950	16,518,445
Operating expense	(257,200,641)	(158,484,560)	(260,082,026)	(160,897,819)
Cash payments to employees	(196,585,205)	(156,855,995)	(206,742,269)	(163,298,838)
<b>Operating cash flow before changes in operating assets and liabilities (Note A)</b>	<b>74,610,313</b>	<b>(335,303,705)</b>	<b>105,393,714</b>	<b>(299,105,472)</b>
<b>Changes in operating assets and liabilities</b>				
Net funds (advanced to)/received from customers	(14,749,508)	1,258,971,451	(14,676,008)	1,259,053,951
Net deposits from customers	(362,163,091)	455,684,057	(397,617,191)	485,750,822
Net deposits with licensed commercial banks	283,772,529	510,769,867	283,859,938	510,769,867
Government and other securities	29,552,556	387,501,081	29,552,556	387,501,081
Other assets	47,768,119	(38,561,750)	21,482,355	(94,669,987)
Other liabilities	(356,472,932)	74,756,262	(354,613,955)	79,037,105
	<b>(372,292,327)</b>	<b>2,649,120,968</b>	<b>(432,012,305)</b>	<b>2,627,442,839</b>
<b>Net cash flow from operating activities before taxation</b>	<b>(297,682,014)</b>	<b>2,313,817,263</b>	<b>(326,618,591)</b>	<b>2,328,337,367</b>
Taxes paid	(82,420,590)	(38,934,990)	(88,208,083)	(46,157,578)
Gratuity paid	(1,071,100)	(4,919,525)	(1,071,100)	(4,919,525)
<b>Net cash (used in)/generated from operating activities</b>	<b>(381,173,704)</b>	<b>2,269,962,748</b>	<b>(415,897,774)</b>	<b>2,277,260,264</b>
<b>Cash flows from investing activities</b>				
Net investment in trading securities	(259,948,578)	(664,877,558)	(216,948,577)	(670,627,558)
Dividends received on investments	18,921,406	162,604	1,143,180	162,604
Purchase of property, plant and equipment	(6,761,447)	(12,215,512)	(6,788,713)	(17,899,409)
Purchase of intangible assets	(142,000)	-	(142,000)	(330,123)
Proceeds from sale of property, plant and equipment	266,900	522,000	266,900	522,000
Addition of right-of-use assets	(2,506,800)	(4,308,612)	(2,506,800)	(4,308,612)
<b>Net cash used in investing activities</b>	<b>(250,170,519)</b>	<b>(680,717,078)</b>	<b>(224,976,010)</b>	<b>(692,481,098)</b>
<b>Cash flows from financing activities</b>				
Proceeds from rights issue	-	362,375,300	-	362,375,300
Securitised loans obtained	2,500,000,000	1,000,000,000	2,500,000,000	1,000,000,000
Repayment of loans	(1,918,155,662)	(3,041,207,798)	(1,918,155,662)	(3,041,207,798)
Repayment of lease liability	(31,975,181)	(29,780,134)	(33,943,181)	(31,400,134)
<b>Net cash generated from/(used in) financing activities</b>	<b>549,869,157</b>	<b>(1,708,612,632)</b>	<b>547,901,157</b>	<b>(1,710,232,632)</b>

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit.

**Statement of cash flows (Continued)**

<i>For the three month period ended 30 June</i>	<b>Company</b>		<b>Group</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
Net decrease in cash and cash equivalents	(81,475,066)	(119,366,962)	(92,972,627)	(125,453,466)
Cash and cash equivalents at the beginning of the period	419,678,324	526,127,809	457,038,816	567,600,765
Cash and cash equivalents at the end of the period	338,203,258	406,760,847	364,066,189	442,147,299
<b>Reconciliation of cash and cash equivalents</b>				
Cash and cash equivalents	433,047,591	553,423,169	458,910,522	589,155,229
Bank overdrafts	(94,844,333)	(146,662,322)	(94,844,333)	(147,007,930)
	338,203,258	406,760,847	364,066,189	442,147,299
<b>Note A</b>				
<b>Reconciliation of operating profit</b>				
Profit before income tax	39,354,845	(145,979,672)	48,845,492	(111,867,477)
Depreciation and amortisation	98,465,095	105,196,043	100,656,010	107,409,904
Dividend receipts on investments	(18,921,406)	(162,604)	(1,143,180)	(162,604)
Profit on disposal of property, plant and equipment	(140,398)	(430,306)	(140,398)	(430,306)
Provision for defined benefit plan	9,466,905	9,466,905	9,947,372	9,848,982
Impairment charge on financial assets	255,844,129	486,383,963	255,844,129	486,383,963
Gain from auction of pawned articles	11,803	18,644	11,803	18,644
Net loss/(gain) from financial instruments designated at FVTPL	22,851,223	(2,715,960)	28,568,708	(3,241,867)
Net gain from trading	-	(7,367,649)	(5,285,882)	(7,895,672)
(Gain)/loss from foreign currency conversion	(31,826,596)	2,465,371	(31,826,596)	2,465,371
Interest expense on lease liabilities	14,388,213	14,632,776	14,799,756	15,176,806
Accrued interest on loans and advances	(396,308,757)	(839,732,988)	(396,308,757)	(839,732,988)
Accrued interest on borrowings	25,331,096	(13,165,291)	25,331,096	(13,165,291)
Accrued interest on debentures	56,094,161	56,087,063	56,094,161	56,087,063
	74,610,313	(335,303,705)	105,393,714	(299,105,472)

*Figures in brackets indicate deductions.*

*The above figures are provisional and subject to audit.*



## Financial instruments – Fair values

### Accounting classifications and fair values - Company

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	30-Jun-22					31-Mar-22						
	Carrying amount Rs.				Fair value Rs.		Carrying amount Rs.				Fair value Rs.	
	Designated at FVTPL	Designated at FVOCI	Designated at Amortized Cost	Total	Total	Level	Designated at FVTPL	Designated at FVOCI	Designated at Amortized Cost	Total	Total	Level
<b>Financial assets measured at fair value</b>												
Investments in equity securities - quoted	101,583,050	-	-	101,583,050	101,583,050	Level 1	53,068,592	-	-	53,068,592	53,068,592	Level 1
Investments in equity securities - unquoted	-	14,762,768	-	14,762,768	14,762,768	Level 3	-	14,762,768	-	14,762,768	14,762,768	Level 3
Investments in unit trusts - unquoted	423,175,538	-	-	423,175,538	423,175,538	Level 3	234,592,642	-	-	234,592,642	234,592,642	Level 3
	<u>524,758,588</u>	<u>14,762,768</u>	<u>-</u>	<u>539,521,356</u>	<u>539,521,356</u>		<u>287,661,234</u>	<u>14,762,768</u>	<u>-</u>	<u>302,424,002</u>	<u>302,424,002</u>	<u>-</u>
<b>Financial assets not measured at fair value</b>												
Cash and cash equivalents	-	-	433,047,591	433,047,591	-		-	-	627,213,024	627,213,024	-	
Deposits with licensed commercial banks	-	-	7,879,016,979	7,879,016,979	-		-	-	6,789,342,503	6,789,342,503	-	
Repurchase agreements	-	-	1,442,491,369	1,442,491,369	-		-	-	1,557,904,480	1,557,904,480	-	
Finance lease, Hire purchase and other loans	-	-	25,512,455,420	25,512,455,420	-		-	-	25,683,911,899	25,683,911,899	-	
Other advances	-	-	744,584,595	744,584,595	-		-	-	417,984,666	417,984,666	-	
Treasury bills	-	-	1,121,635,133	1,121,635,133	1,065,899,900	Level 1	-	-	1,035,774,578	1,035,774,578	1,039,068,000	Level 1
	<u>-</u>	<u>-</u>	<u>37,133,231,087</u>	<u>37,133,231,087</u>	<u>1,065,899,900</u>		<u>-</u>	<u>-</u>	<u>36,112,131,150</u>	<u>36,112,131,150</u>	<u>1,039,068,000</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>												
Due to banks	-	-	8,170,288,636	8,170,288,636	-		-	-	6,691,396,111	6,691,396,111	-	
Term deposits from customers	-	-	9,738,888,518	9,738,888,518	12,529,997,877	Level 3	-	-	10,084,941,641	10,084,941,641	12,683,867,582	Level 3
Savings deposits from customers	-	-	722,931,771	722,931,771	-		-	-	739,041,739	739,041,739	-	
Borrowings	-	-	10,804,749,082	10,804,749,082	-		-	-	10,447,595,018	10,447,595,018	-	
Subordinated debentures	-	-	1,824,641,351	1,824,641,351	1,544,553,380	Level 3	-	-	1,768,547,190	1,768,547,190	1,885,608,086	Level 3
Amounts due to related company	-	-	282,122,456	282,122,456	-		-	-	282,122,456	282,122,456	-	
Other liabilities	-	-	186,225,866	186,225,866	-		-	-	321,734,938	321,734,938	-	
	<u>-</u>	<u>-</u>	<u>31,729,847,680</u>	<u>31,729,847,680</u>	<u>14,074,551,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,335,379,093</u>	<u>30,335,379,093</u>	<u>14,569,475,668</u>	<u>-</u>

## Financial instruments – Fair values

### Accounting classifications and fair values - Group

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	30-Jun-22					31-Mar-22						
	Carrying amount Rs.				Fair value Rs.		Carrying amount Rs.				Fair value Rs.	
	Designated at FVTPL	Designated at FVOCI	Designated at Amortized Cost	Total	Total	Level	Designated at FVTPL	Designated at FVOCI	Designated at Amortized Cost	Total	Total	Level
<b>Financial assets measured at fair value</b>												
Investments in equity securities - quoted	101,583,050	-	-	101,583,050	101,583,050	Level 1	53,068,592	-	-	53,068,592	53,068,592	Level 1
Investments in equity securities - unquoted	-	14,762,768	-	14,762,768	14,762,768	Level 3	-	14,762,768	-	14,762,768	14,762,768	Level 3
Investments in unit trusts - unquoted	447,727,842	-	-	447,727,842	447,727,842	Level 3	302,576,554	-	-	302,576,554	302,576,554	Level 3
	<u>549,310,892</u>	<u>14,762,768</u>	<u>-</u>	<u>564,073,660</u>	<u>564,073,660</u>		<u>355,645,146</u>	<u>14,762,768</u>	<u>-</u>	<u>370,407,914</u>	<u>370,407,914</u>	<u>-</u>
<b>Financial assets not measured at fair value</b>												
Cash and cash equivalents	-	-	458,910,522	458,910,522	-	-	-	664,573,516	664,573,516	-	-	-
Deposits with licensed commercial banks	-	-	7,887,181,724	7,887,181,724	-	-	-	6,797,594,653	6,797,594,653	-	-	-
Repurchase agreements	-	-	1,442,491,369	1,442,491,369	-	-	-	1,557,904,480	1,557,904,480	-	-	-
Finance lease, Hire purchase and other loans	-	-	25,512,455,420	25,512,455,420	-	-	-	25,683,911,899	25,683,911,899	-	-	-
Other advances	-	-	744,756,095	744,756,095	-	-	-	418,229,666	418,229,666	-	-	-
Treasury bills	-	-	1,121,635,133	1,121,635,133	1,065,899,900	Level 1	-	-	1,035,774,578	1,035,774,578	1,039,068,000	Level 1
	-	-	<u>37,167,430,263</u>	<u>37,167,430,263</u>	<u>1,065,899,900</u>		-	-	<u>36,157,988,792</u>	<u>36,157,988,792</u>	<u>1,039,068,000</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>												
Due to banks	-	-	8,170,288,636	8,170,288,636	-	-	-	6,691,396,111	6,691,396,111	-	-	-
Term deposits from customers	-	-	9,661,789,489	9,661,789,489	12,442,372,094	Level 3	-	-	10,043,296,712	10,043,296,712	12,639,648,881	Level 3
Savings deposits from customers	-	-	722,931,771	722,931,771	-	-	-	739,041,739	739,041,739	-	-	-
Borrowings	-	-	10,804,749,082	10,804,749,082	-	-	-	10,447,595,018	10,447,595,018	-	-	-
Subordinated debentures	-	-	1,824,641,351	1,824,641,351	1,544,553,380	Level 3	-	-	1,768,547,190	1,768,547,190	1,885,608,086	Level 3
Other liabilities	-	-	186,225,866	186,225,866	-	-	-	321,734,938	321,734,938	-	-	-
	-	-	<u>31,370,626,195</u>	<u>31,370,626,195</u>	<u>13,986,925,474</u>		-	-	<u>30,011,611,708</u>	<u>30,011,611,708</u>	<u>14,525,256,967</u>	<u>-</u>

**Segment report**

As at 30 June	Leasing & Hire purchase		Pawning advances		Other Advances		Investments		Insurance Brokering		Unit trust management		Unallocated		Total		
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	
<b>Revenue</b>																	
<i>External customers</i>																	
Interest	1,114,560,239	1,178,613,512	80,007,379	58,257,543	86,353,283	67,112,156	235,166,218	82,883,620	379,468	104,334	1,524,562	63,570	-	-	1,517,991,149	1,387,034,735	
Trading	-	-	-	-	-	-	(17,565,341)	10,611,632	-	-	(5,717,485)	525,907	9,629	3,275	(23,273,197)	11,140,814	
Commissions	-	-	-	-	-	-	-	-	27,025,552	25,587,554	14,281,192	19,089,859	12,147	20,442	41,318,891	44,697,855	
Rent	-	-	-	-	-	-	7,159,153	6,999,153	-	-	-	-	-	-	7,159,153	6,999,153	
Dividends	-	-	-	-	-	-	1,143,180	162,604	-	-	-	-	-	-	1,143,180	162,604	
Other income	2,643,789	2,536,963	-	-	-	-	140,398	430,306	-	-	-	-	38,596,447	14,403,060	41,380,634	17,370,329	
Total revenue	1,117,204,028	1,181,150,475	80,007,379	58,257,543	86,353,283	67,112,156	226,043,608	101,087,315	27,405,020	25,691,888	10,088,269	19,679,336	38,618,223	14,426,777	1,585,719,810	1,467,405,490	
<b>Profit/(loss) before tax</b>																48,845,492	(111,867,477)
<b>Taxation</b>																(740,495)	(12,483,181)
<b>Profit after tax</b>																48,104,997	(124,350,658)
<b>Segment Assets</b>	21,936,365,986	23,813,338,131	2,246,891,271	1,254,200,451	2,073,782,758	1,588,895,042	12,577,786,272	8,472,282,302	24,500,342	33,956,425	59,974,500	91,538,154	872,282,796	1,131,430,182	39,791,583,925	36,385,640,687	
<b>Segment Liabilities</b>	23,162,929,627	25,088,844,714	1,658,788,586	1,237,449,826	1,790,357,864	1,425,530,867	4,686,549,684	2,147,198,009	8,582,544	15,038,564	16,673,682	21,525,329	801,134,962	306,782,524	32,125,016,949	30,242,369,833	
<b>Information on Cash flows</b>																	
Operating activities	(180,519,729)	961,166,836	(18,836,380)	87,388,124	(71,114,134)	34,828,672	2,424,187	1,184,934,471	(53,446,154)	(21,537,486)	2,217,845	9,472,555	(96,623,409)	21,007,092	(415,897,774)	2,277,260,264	
Investing activities	-	-	-	-	-	-	(215,538,497)	(669,942,954)	-	-	-	-	-	-	(215,538,497)	(669,942,954)	
Capital expenditure	(5,198,732)	(10,851,985)	(532,494)	(571,552)	(491,469)	(724,076)	(2,980,828)	(3,860,907)	-	-	(27,266)	(6,014,020)	(206,724)	(515,604)	(9,437,513)	(22,538,144)	
Financing activities	-	-	-	-	-	-	-	-	-	-	-	-	547,901,157	(1,710,232,632)	547,901,157	(1,710,232,632)	
<b>Net cash flow</b>	(185,718,461)	950,314,851	(19,368,874)	86,816,572	(71,605,603)	34,104,596	(216,095,138)	511,130,610	(53,446,154)	(21,537,486)	2,190,579	3,458,535	451,071,024	(1,689,741,144)	(92,972,627)	(125,453,466)	
<b>Depreciation and amortisation</b>	(78,762,582)	(89,243,773)	(8,067,469)	(4,700,289)	(7,445,923)	(5,954,604)	(1,057,187)	(1,057,186)	(225,639)	(314,484)	(1,965,276)	(1,899,377)	(3,131,934)	(4,240,191)	(100,656,010)	(107,409,904)	
<b>Impairment charges and other credit losses</b>	(267,845,099)	(434,005,964)	(214,784)	(18,644)	18,679,158	(40,569,396)	-	-	-	-	-	-	58,883	10,194	(249,321,842)	(474,583,810)	

## Selected performance indicators

As at 30 June	2022	2021
<b>Regulatory Capital Adequacy</b>		
Core Capital - Tier 1 (Rs. '000)	7,559,716	6,232,726
Total Capital Base - Tier 1 and 2 (Rs. '000)	8,577,526	7,600,601
Core Capital Adequacy Ratio, (Minimum requirement 7.0%)	22.51%	17.87%
Total Capital Adequacy Ratio, (Minimum requirement 11.0%)	25.55%	21.79%
Capital Funds to Deposit Liabilities Ratio, (Minimum requirement 10%)	81.99%	63.33%

Computed as per Finance Business Act Direction No. 03 of 2018 (Capital Adequacy Requirements)

Quality of Loan Portfolio	120 dpd	120 dpd	180 dpd
Gross Non-Performing Loans (Rs. '000)	4,616,228	5,670,822	2,173,372
Gross Non-Performing Loans Ratio	16.15%	20.14%	7.72%
Net Non-Performing Loans Ratio	8.09%	13.87%	1.88%
Net Non-Performing Loans to Core Capital Ratio	30.59%	62.63%	8.50%
Provision Coverage Ratio	49.90%	31.16%	75.61%

As per the Finance Business Act Direction No. 01 of 2020 (Classification and Measurement of Credit Facilities), LFCs are required to classify credit facilities as NPLs based on period and / or potential risk effective from 01 April 2022. Accordingly, for the quarter ended 30 June 2022, the Company classified loans and advances with principal and / or interest past due for more than 120 days from the due date (as opposed to 180 days upto 31 March 2022), as NPL.

### Profitability

Net Interest Margin	9.25%	9.18%
Return on Assets (before Tax)	1.16%	-1.11%
Return on Equity (after Tax)	2.59%	-10.68%
Cost to Income Ratio	57.59%	50.75%

### Liquidity

Required minimum amount of Liquid Assets (Rs. '000)	1,492,587	768,890
Available amount of Liquid Assets (Rs. '000)	3,759,015	1,940,102
Available Liquid Assets to Required Liquid Assets	251.85%	252.33%
Liquid Assets to External Funds	12.02%	6.74%
Required minimum amount of Government Securities (Rs. '000)	1,107,054	644,122
Available amount of Government Securities (Rs. '000)	2,498,204	1,501,606

Computed as per CBSL guidelines

### Debt

Debt-to-Equity ratio (times)	2.70	2.72
Interest cover (times)	1.06	0.78

### Memorandum information

Number of employees	814	801
Number of branches	80	59
Number of service centers	20	41
External Credit Rating by Fitch Ratings Lanka Limited	BBB+ (lka) RWN	BBB+ (lka) Stable outlook

There are no regulatory restrictions imposed by the Central Bank of Sri Lanka over the operations of the Company.

The above figures are provisional and subject to audit.

## Notes to the financial statements

### 1 General

The financial statements of the Company and the Group are prepared on the basis of the accounting policies and methods of computation applied in the year ended March 31, 2022 and are in accordance with Sri Lanka Accounting Standards (LKAS/SLFRS). The interim financial statements are prepared in compliance with Sri Lanka Accounting Standard (LKAS) 34 - Interim Financial Reporting.

- 2 There were no material changes in the composition of assets, liabilities and contingent liabilities during the period and the use of funds raised through the rights issues during the period.
- 3 All known expenses have been provided for in these financial statements.
- 4 The Board of Directors proposed a final dividend of Rs.1.40 per share for the financial year ended 31 March 2022, subject to approval by the shareholders at the Annual General Meeting.

### 5 Debenture Information

#### 5.1 Debenture issue -August 2019

Utilization of funds raised via capital market Debenture issue as at August 12, 2022

Objective number	Objective as per prospectus	Amount allocated as per prospectus Rs.	Proposed date of utilization as per prospectus	Amount allocated from proceeds in Rs. (A)	% of total proceeds	Amount utilized in Rs. (B)	% of utilization against allocation (B/A)	Clarification if not fully utilized including where the funds are invested
1	Strengthen the capital structure	1,750 Mn	31-Aug-19	1,750 Mn	100	1,750 Mn	100	N/A
2	Expansion of the lending portfolio	1,750 Mn	Within 12 months from the date of allotment	1,750 Mn	100	1,750 Mn	100	N/A

#### 5.2 Information on listed debenture

Type of Debenture	Date of issue	Date of maturity	Effective annual yield %	Current yield %	Yield to maturity %	Last traded Value Rs.	Highest traded Value Rs.	Lowest traded Value Rs.
5 year - 12.875% payable Semi- Annually	Aug-19	Aug-24	13.29%	Not traded	Not traded	Not traded	Not traded	Not traded

#### 5.3 Interest rate of comparable government securities

As at	30.06.2022	30.06.2021
5 year Treasury Bonds	21.18%	7.25%

### 6 Share information

#### 6.1 Directors' shareholdings

The number of shares held by the members of the Board of Directors and their close family members are as follows;

As at	30.06.2022
1. Dr. A. Balasuriya & Mr. D. Balasuriya	2,963,360
2. Mr. L. Balasuriya & Mr. S. K. Balasuriya	2,963,360
3. Dr. A. Balasuriya & Mr. S. Balasuriya	2,963,358
4. Mr. L. Balasuriya & Ms. A. S. Balasuriya	2,963,358
5. Ms. L. Fernando & Ms. S.A. Fernando	1,735,089
6. Ms. L. Fernando & Mr. A. R. Fernando	1,735,088
7. Ms. L. Fernando & Ms. A.L. Fernando	1,735,088
8. Mr. L. Balasuriya - The Trustee of the Capitalization Issue	16
9. Mr. S. D. Bandaranayake	Nil
10. Mr. W. M. R. S. Dias	Nil
11. Mr. Senanayake R. Pushpakumara	Nil
12. Mr. N. Vasantha Kumar	Nil
13. Dr. (Ms.) R. A. Perera	Nil

## Notes to the financial statements (continued)

### 6.2 Key Management Shareholdings

The number of shares held by the Key Management Personnel.

As at	30.06.2022	30.06.2021
1. Mr. P.P.K. Ikiriwatte	16,977	16,977
2. Mr. J.K. Jayatileke	16,963	16,963

### 6.3 Stated Capital

Stated capital is represented by the number of shares in issue as set out below:

As at	30.06.2022	30.06.2021
Ordinary shares	86,279,834	77,651,851

### 6.4 The 20 largest shareholders of the Company as at June 30, 2022 were:

Shareholder	Number of Shares	%
1. E. W. Balasuriya & Co. (Pvt) Limited	44,781,393	51.91
2. Hallsville Trading Group Inc.	7,088,562	8.22
3. Dr. (Mrs.) G. Madan Mohan	5,926,720	6.87
4. Mr. R. Balasuriya	5,926,719	6.87
5. Dr. M. Balasuriya (Deceased)	4,172,046	4.84
6. Dr. A. Balasuriya & Mr. D. Balasuriya	2,963,360	3.44
7. Mr. L. Balasuriya & Mr. S. K. Balasuriya	2,963,360	3.44
8. Mr. L. Balasuriya & Ms. A. S. Balasuriya	2,963,358	3.44
9. Dr. A. Balasuriya & Mr. S. Balasuriya	2,963,358	3.44
10. Ms. L. Fernando & Ms.S.A. Fernando	1,735,089	2.01
11. Ms. L. Fernando & Mr. A. R.Fernando	1,735,088	2.01
12. Ms. L. Fernando & Ms. A.L. Fernando	1,735,088	2.01
13. Mr. D. K. C. R. Fernando	721,444	0.84
14. Mrs. Chandra Fernando	185,237	0.21
15. Estate of the late Mr. D. G. K. Hewamallika	172,888	0.20
16. Mr. I. M. Thaha	144,073	0.17
17. Mr. M. M. Ariyaratne	37,681	0.04
18. Mr. P. P. K. Ikiriwatte	16,977	0.02
19. Mr. J. K. Jayatileke	16,963	0.02
20. Mrs. S. Thaha	14,408	0.02
	<b>86,263,812</b>	

### 6.5 The float adjusted market capitalisation and public holding

As at	30.06.2022	30.06.2021	Minimum Requirement
The float adjusted market capitalisation (Rs)	8,272,348,709	1,475,074,364	1 Bn
Public holding percentage	21.43%	20.98%	7.5%
Number of public shareholders	181	9	200

### 6.6 Information on Ratios and Share Prices

As at	30.06.2022	30.06.2021
Dividend per share (Rs.)	Nil	Nil
Net Assets per share (Rs.)	89.14	79.45
Market Prices (Rs.)		
- Highest price	475.00	Not traded
- Lowest price	251.00	Not traded
- Last traded price	393.75	Not traded

## *Notes to the Financial Statements (Continued)*

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### **7 Impact due to current economic conditions**

During the preparation of Financial Statements for the period ended 30 June 2022 management has made an assessment of the entity's ability to continue as a going concern using all available information about the future and capturing the current economic uncertainties and market volatility.

The Company is expected to encounter macro-economic challenges such as facing the risk of hyperinflation, rapidly rising interest rates and indirect impact of shortages of essential food items, medicine, cooking gas, fuel, etc. driven by the severe shortages of foreign currency in the country.

To overcome such macro-economic issues, the Government of Sri Lanka has introduced several fiscal and monetary policies changes such as floating the exchange rates, increase in interest rate for government securities, changes to policy rates, introduction of new taxes, increase in existing tax rates, restrictions on importation of non-essential goods etc.

To account for the increased credit risk arising due to aforementioned macro-economic factors, the Company has adjusted the probability of base case, best case and worst case scenarios when computing the Economic Factor Adjustment (EFA) in its Expected Credit Loss (ECL) model.

The management is of the view that the Company is able to maintain a satisfactory liquidity position to safeguard the interest of all stakeholders. Accordingly, the management concluded that the Company has adequate resources to continue as a going concern, and is continuously monitoring and assessing the impact of the macro-economic condition, on the financial performance, financial position and cash flows of the Company.

### **8 Events after the reporting period**

There were no material events that occurred after the reporting period that require adjustment to or disclosure in the Financial Statements.