



Senkadagala Finance PLC

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



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

Senkadagala Finance PLC

Statement of profit or loss

For the three month period ended 30 September	Company			Group		
	2022 Rs.	2021 Rs.	Change %	2022 Rs.	2021 Rs.	Change %
Gross income	1,775,485,709	1,533,441,892	16	1,830,732,127	1,541,443,271	19
Interest income	1,575,044,053	1,438,986,436	9	1,577,833,487	1,439,181,541	10
Interest expense	(977,149,226)	(598,825,243)	63	(976,286,532)	(598,797,956)	63
Net interest income	597,894,827	840,161,193	(29)	601,546,955	840,383,585	(28)
Fee and commission income	6,712,196	16,231,498	(59)	53,671,047	61,955,550	(13)
Fee and commission expense	(4,000,186)	(2,501,263)	60	(4,000,186)	(2,501,263)	60
Net fee and commission income	2,712,010	13,730,235	(80)	49,670,861	59,454,287	(16)
Net gain from trading	12,080,254	9,735,508	24	12,080,254	9,735,508	24
Net gain from financial instruments designated at fair value through profit or loss	120,860,898	7,233,249	1,571	126,434,021	8,390,471	1,407
Other operating income	60,788,308	61,255,201	(1)	60,713,318	22,180,201	174
Net other operating income	193,729,460	78,223,958	148	199,227,593	40,306,180	394
Total operating income	794,336,297	932,115,386	(15)	850,445,409	940,144,052	(10)
Impairment charges and other credit losses	(121,986,738)	(191,697,161)	(36)	(121,986,738)	(191,697,161)	(36)
Net operating income	672,349,559	740,418,225	(9)	728,458,671	748,446,891	(3)
Personnel expenses	(209,590,855)	(166,945,056)	26	(217,676,919)	(174,243,589)	25
Depreciation expenses	(93,509,989)	(99,932,699)	(6)	(95,511,203)	(102,186,941)	(7)
Amortisation expenses	(3,848,072)	(3,394,056)	13	(3,867,395)	(3,413,379)	13
Other operating expenses	(167,456,762)	(137,295,131)	22	(171,358,322)	(140,039,917)	22
Operating profit before taxation on financial services	197,943,881	332,851,283	(41)	240,044,832	328,563,065	(27)
Taxes on financial services	(51,412,564)	(55,142,015)	(7)	(51,412,564)	(55,142,015)	(7)
Profit before income tax	146,531,317	277,709,268	(47)	188,632,268	273,421,050	(31)
Income tax expense	(65,787,794)	(21,354,764)	208	(72,640,032)	(28,325,078)	156
Profit for the period	80,743,523	256,354,504	(69)	115,992,236	245,095,972	(53)
Basic/Diluted earnings per share	0.95	3.33	(72)	1.36	3.18	(57)

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

Statement of other comprehensive income

For the three month period ended 30 September	Company			Group		
	2022 Rs.	2021 Rs.	Change %	2022 Rs.	2021 Rs.	Change %
Profit for the period	80,743,523	256,354,504	(69)	115,992,236	245,095,972	(53)
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Actuarial 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	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period net of tax	80,743,523	256,354,504	(69)	115,992,236	245,095,972	(53)

Figures in brackets in 2022 and 2021 columns indicate deductions.

The above figures are provisional and subject to audit.

Statement of profit or loss

For the period ended 30 September	Company			Group		
	2022 Rs.	2021 Rs.	Change %	2022 Rs.	2021 Rs.	Change %
Gross income	3,336,279,574	2,955,023,135	13	3,416,451,937	3,008,848,761	14
Interest income	3,091,131,172	2,825,853,267	9	3,095,824,636	2,826,216,276	10
Interest expense	(1,686,246,868)	(1,256,180,761)	34	(1,685,109,641)	(1,256,413,486)	34
Net interest income	1,404,884,304	1,569,672,506	(10)	1,410,714,995	1,569,802,790	(10)
Fee and commission income	12,050,815	26,141,317	(54)	100,316,410	116,542,782	(14)
Fee and commission expense	(8,324,195)	(4,059,859)	105	(8,324,195)	(4,059,859)	105
Net fee and commission income	3,726,620	22,081,458	(83)	91,992,215	112,482,923	(18)
Net gain from trading	12,080,254	17,103,157	(29)	17,366,136	17,631,180	(2)
Net gain from financial instruments designated at fair value through profit or loss	98,009,675	9,949,209	885	97,865,313	11,632,338	741
Other operating income	123,007,658	75,976,185	62	105,079,442	36,826,185	185
Net other operating income	233,097,587	103,028,551	126	220,310,891	66,089,703	233
Total operating income	1,641,708,511	1,694,782,515	(3)	1,723,018,101	1,748,375,416	(1)
Impairment charges and other credit losses	(371,308,580)	(666,280,971)	(44)	(371,308,580)	(666,280,971)	(44)
Net operating income	1,270,399,931	1,028,501,544	24	1,351,709,521	1,082,094,445	25
Personnel expenses	(415,642,965)	(333,267,956)	25	(434,366,560)	(347,391,409)	25
Depreciation expenses	(188,312,565)	(202,153,192)	(7)	(192,485,371)	(206,607,059)	(7)
Amortisation expenses	(7,510,591)	(6,369,606)	18	(7,549,237)	(6,403,165)	18
Other operating expenses	(349,139,462)	(252,047,204)	39	(355,922,407)	(257,205,249)	38
Operating profit before taxation on financial services	309,794,348	234,663,586	32	361,385,946	264,487,563	37
Taxes on financial services	(123,908,186)	(102,933,990)	20	(123,908,186)	(102,933,990)	20
Profit before income tax	185,886,162	131,729,596	41	237,477,760	161,553,573	47
Income tax expense	(60,358,697)	(28,062,030)	115	(73,380,527)	(40,808,259)	80
Profit for the period	125,527,465	103,667,566	21	164,097,233	120,745,314	36
Basic/Diluted earnings per share	1.47	1.35	9	1.92	1.57	23

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

Statement of other comprehensive income

For the period ended 30 September	Company			Group		
	2022 Rs.	2021 Rs.	Change %	2022 Rs.	2021 Rs.	Change %
Profit for the period	125,527,465	103,667,566	21	164,097,233	120,745,314	36
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Actuarial gain 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	-	-	-	-	-	-
Total comprehensive income for the period	125,527,465	103,667,566	21	164,097,233	120,745,314	36

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		
	30.09.2022	31.03.2022	30.09.2021	30.09.2022	31.03.2022	30.09.2021
	Rs.	Rs. Audited	Rs.	Rs.	Rs. Audited	Rs.
Assets						
Cash and cash equivalents	601,774,370	627,213,024	555,139,981	613,024,653	664,573,516	604,364,009
Deposits with licensed commercial banks	7,840,304,502	6,789,342,503	4,056,300,353	7,845,299,491	6,797,594,653	4,056,300,353
Repurchase agreements	577,346,821	1,557,904,480	453,047,534	577,346,821	1,557,904,480	453,047,534
Financial assets held at fair value through profit or loss	483,870,271	287,661,234	903,325,878	526,995,698	355,645,146	961,139,758
Financial assets at amortised cost - Finance leases and hire purchases	21,261,977,617	22,780,618,451	23,540,893,751	21,261,977,617	22,780,618,451	23,540,893,751
Financial assets at amortised cost - Other loans and receivables	5,038,221,956	3,321,278,114	3,071,985,260	5,038,319,956	3,321,523,114	3,072,095,260
Financial assets measured at fair value through other comprehensive income	14,762,768	14,762,768	15,464,873	14,762,778	14,762,768	15,464,873
Financial assets at amortised cost - Other financial instruments	1,124,017,939	1,035,774,578	1,002,334,460	1,124,017,939	1,035,774,578	1,002,334,460
Investments in subsidiaries	328,301,663	328,301,663	328,301,663	-	-	-
Investment property	354,838,497	356,952,871	359,067,246	259,176,985	261,291,359	263,405,734
Property, plant and equipment	1,202,509,209	1,334,764,142	1,401,117,404	1,210,820,004	1,343,982,403	1,411,291,200
Intangible assets	56,661,542	64,030,133	50,174,108	57,171,078	64,578,315	50,760,935
Current tax receivable	18,278,894	-	-	17,338,773	-	-
Right-of-use assets	358,500,498	361,074,334	374,143,534	368,214,716	374,026,629	390,333,902
Other assets	176,497,477	137,728,644	243,517,125	181,923,277	98,611,151	209,427,700
Total assets	39,437,864,024	38,997,406,939	36,354,813,170	39,096,389,786	38,670,886,563	36,030,859,469
Liabilities						
Due to banks	8,086,326,040	6,691,396,111	6,055,313,753	8,086,326,040	6,691,396,111	6,056,373,890
Financial liabilities at amortised cost - Due to depositors	9,811,446,116	10,823,983,380	11,912,235,818	9,723,420,407	10,782,338,451	11,863,907,555
Financial liabilities at amortised cost - Other borrowings	10,815,997,020	10,447,595,018	8,411,629,505	10,815,997,020	10,447,595,018	8,411,629,505
Subordinated debentures	1,768,985,169	1,768,547,190	1,768,746,953	1,768,985,169	1,768,547,190	1,768,746,953
Lease liability	362,285,963	357,216,955	356,737,608	373,997,978	372,152,014	373,983,125
Deferred tax liabilities	115,876,588	150,572,153	129,252,348	114,715,893	149,430,114	128,530,902
Current tax payable	-	206,362,197	143,516,570	-	209,737,818	144,534,756
Amounts due to related company	282,122,456	282,122,456	282,122,456	-	-	-
Employee retirement benefits	126,003,780	108,920,569	165,490,684	131,571,888	113,524,408	169,950,198
Other liabilities	418,313,615	514,919,330	794,419,766	419,607,947	517,703,460	814,911,906
Total liabilities	31,787,356,747	31,351,635,359	30,019,465,461	31,434,622,342	31,052,424,584	29,732,568,790
Equity						
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	4,715,635,437	4,710,899,740	3,920,312,829	4,721,934,558	4,678,629,093	3,878,294,753
Total equity	7,650,507,277	7,645,771,580	6,335,347,709	7,661,767,444	7,618,461,979	6,298,290,679
Total liabilities and equity	39,437,864,024	38,997,406,939	36,354,813,170	39,096,389,786	38,670,886,563	36,030,859,469
Net assets per share	88.67	88.62	81.59	88.80	88.30	81.11

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.



S D Bandaranayake
Additional Chief Executive 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.



W M R S Dias
Chairman



L Balasuriya
Chief Executive Officer/ Managing Director

Colombo, Sri Lanka
31 October 2022

Statement of changes in equity

	Stated capital	Statutory reserve fund	Fair value reserve	Retained earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Company					
Balance as at 1 April 2021	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	-	-	-	103,667,566	103,667,566
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	103,667,566	103,667,566
<i>Transactions with equity holders recognised directly in equity</i>					
Rights issue of shares	362,375,300	-	-	-	362,375,300
Dividends paid	-	-	-	(90,076,147)	(90,076,147)
Total contributions from and distributions to equity holders	362,375,300	-	-	(90,076,147)	272,299,153
Balance as at 30 September 2021	1,950,237,980	460,036,033	4,760,867	3,920,312,829	6,335,347,709
Balance as at 1 April 2022	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	-	-	-	125,527,465	125,527,465
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	125,527,465	125,527,465
<i>Transactions with equity holders recognised directly in equity</i>					
Dividends paid	-	-	-	(120,791,768)	(120,791,768)
Total contributions from and distributions to equity holders	-	-	-	(120,791,768)	(120,791,768)
Balance as at 30 September 2022	2,424,777,045	506,036,033	4,058,762	4,715,635,437	7,650,507,277
Group					
Balance as at 1 April 2021	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	-	-	-	120,745,314	120,745,314
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	120,745,314	120,745,314
<i>Transactions with equity holders recognised directly in equity</i>					
Rights issue of shares	362,375,300	-	-	-	362,375,300
Dividends paid	-	-	-	(90,076,147)	(90,076,147)
Total contributions from and distributions to equity holders	362,375,300	-	-	(90,076,147)	272,299,153
Balance as at 30 September 2021	1,950,237,980	464,997,079	4,760,867	3,878,294,753	6,298,290,679
Balance as at 1 April 2022	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	-	-	-	164,097,233	164,097,233
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	164,097,233	164,097,233
<i>Transactions with equity holders recognised directly in equity</i>					
Dividends paid	-	-	-	(120,791,768)	(120,791,768)
Total contributions from and distributions to equity holders	-	-	-	(120,791,768)	(120,791,768)
Balance as at 30 September 2022	2,424,777,045	510,997,079	4,058,762	4,721,934,558	7,661,767,444

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit.

Statement of cash flows

For the period ended 30 September	Company		Group	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Cash flows from operating activities				
Interest and commission receipts	2,536,222,960	1,634,922,172	2,629,182,019	1,725,686,646
Interest payments	(1,613,311,036)	(1,222,982,466)	(1,611,394,853)	(1,222,158,116)
Recoveries of bad debts	27,754,925	13,214,715	27,754,925	13,214,715
Other operating income	23,864,547	37,372,161	23,714,557	37,222,161
Operating expenses	(476,870,475)	(346,907,883)	(483,653,420)	(352,065,928)
Rent expenses	(921,135)	(2,229,268)	(921,135)	(2,229,268)
Cash payments to employees	(396,709,154)	(314,334,145)	(414,468,480)	(327,592,774)
Operating cash flow before changes in operating assets and liabilities (Note A)	100,030,632	(200,944,714)	170,213,613	(127,922,564)
Changes in operating assets and liabilities				
Net funds (advanced to)/received from customers	(34,046,602)	1,476,868,507	(33,899,602)	1,477,033,507
Net deposits from customers	(1,012,537,264)	365,813,477	(1,058,918,044)	375,339,910
Net deposits with licensed commercial banks	987,548,554	515,347,929	990,805,723	515,347,929
Government and other securities	892,314,298	334,431,500	892,314,298	334,431,500
Other assets	(38,768,833)	(103,564,532)	(83,312,126)	(121,330,538)
Other liabilities	(183,224,954)	337,613,866	(184,714,752)	347,522,510
	611,285,199	2,926,510,747	522,275,497	2,928,344,818
Net cash flow from operating activities before taxation	711,315,831	2,725,566,033	692,489,110	2,800,422,254
Taxes paid	(233,076,114)	(177,211,710)	(248,552,100)	(190,562,975)
Gratuity paid	(1,850,600)	(8,422,125)	(1,850,600)	(8,668,125)
Net cash generated from operating activities	476,389,117	2,539,932,198	442,086,410	2,601,191,154
Cash flows from investing activities				
Net investment in trading securities	(86,119,107)	(367,764,049)	(56,119,117)	(373,514,050)
Dividends received on investments	20,872,208	40,639,089	3,093,982	1,639,089
Purchase of property, plant and equipment	(11,983,829)	(15,717,841)	(12,011,095)	(21,965,738)
Purchase of intangible assets	(142,000)	(1,424,342)	(142,000)	(1,754,465)
Proceeds from sale of property, plant and equipment	20,738,455	522,000	20,738,455	522,000
Addition of right-of-use assets	(10,686,800)	(4,308,612)	(10,686,800)	(4,308,612)
Net cash used in investing activities	(67,321,073)	(348,053,755)	(55,126,575)	(399,381,776)
Cash flows from financing activities				
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	(2,732,505,052)	(3,745,530,519)	(2,732,505,052)	(3,745,530,519)
Repayment of lease liability	(63,876,003)	(59,625,599)	(67,878,003)	(62,865,599)
Dividends paid	(120,791,768)	(90,076,147)	(120,791,768)	(90,076,147)
Net cash generated used in financing activities	(417,172,823)	(2,532,856,965)	(421,174,823)	(2,536,096,965)

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit.

Statement of cash flows (Continued)

<i>For the period ended 30 September</i>	Company		Group	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Net decrease in cash and cash equivalents	(8,104,779)	(340,978,522)	(34,214,988)	(334,287,587)
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	411,573,545	185,149,287	422,823,828	233,313,178
Reconciliation of cash and cash equivalents				
Cash and cash equivalents	601,774,370	555,139,981	613,024,653	604,364,009
Bank overdrafts	(190,200,825)	(369,990,694)	(190,200,825)	(371,050,831)
	411,573,545	185,149,287	422,823,828	233,313,178
Note A				
Reconciliation of operating profit				
Profit before income tax	185,886,162	131,729,596	237,477,760	161,553,573
Depreciation and amortisation	195,823,156	208,522,798	200,034,608	213,010,224
Dividend receipts on investments	(20,872,208)	(40,639,089)	(3,093,982)	(1,639,089)
Profit on disposal of property, plant and equipment	(8,916,033)	(430,306)	(8,916,033)	(430,306)
Provision for defined benefit plan	18,933,811	18,933,811	19,898,080	19,798,635
Impairment charge on financial assets	402,115,017	689,379,279	402,115,017	689,379,279
Loss from auction of pawned articles	528,722	20,309	528,722	20,309
Net gain from financial instruments designated at FVTPL	(98,009,675)	(9,949,209)	(97,865,313)	(11,632,338)
Net gain from trading	(12,080,254)	(17,103,157)	(17,366,136)	(17,631,180)
(Gain)/loss from foreign currency conversion	(69,354,870)	2,465,371	(69,354,870)	2,465,371
Interest expense on lease liabilities	28,423,791	28,851,602	29,202,747	29,908,677
Accrued interest on loans and advances	(566,959,028)	(1,217,072,412)	(566,959,028)	(1,217,072,412)
Accrued interest on borrowings	44,074,062	3,923,135	44,074,062	3,923,135
Accrued interest on debentures	437,979	423,558	437,979	423,558
	100,030,632	(200,944,714)	170,213,613	(127,922,564)

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-Sep-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
Financial assets measured at fair value												
Investments in equity securities - quoted	188,510,036	-	-	188,510,036	188,510,036	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	295,360,235	-	-	295,360,235	295,360,235	Level 3	234,592,642	-	-	234,592,642	234,592,642	Level 3
	<u>483,870,271</u>	<u>14,762,768</u>	<u>-</u>	<u>498,633,039</u>	<u>498,633,039</u>		<u>287,661,234</u>	<u>14,762,768</u>	<u>-</u>	<u>302,424,002</u>	<u>302,424,002</u>	
Financial assets not measured at fair value												
Cash and cash equivalents	-	-	601,774,370	601,774,370	-		-	-	627,213,024	627,213,024	-	
Deposits with licensed commercial banks	-	-	7,840,304,502	7,840,304,502	-		-	-	6,789,342,503	6,789,342,503	-	
Repurchase agreements	-	-	577,346,821	577,346,821	-		-	-	1,557,904,480	1,557,904,480	-	
Finance lease, Hire purchase and other loans	-	-	25,431,678,953	25,431,678,953	-		-	-	25,683,911,899	25,683,911,899	-	
Other advances	-	-	868,520,620	868,520,620	-		-	-	417,984,666	417,984,666	-	
Treasury bills	-	-	1,124,017,939	1,124,017,939	1,094,689,200	Level 1	-	-	1,035,774,578	1,035,774,578	1,039,068,000	Level 1
	<u>-</u>	<u>-</u>	<u>36,443,643,205</u>	<u>36,443,643,205</u>	<u>1,094,689,200</u>		<u>-</u>	<u>-</u>	<u>36,112,131,150</u>	<u>36,112,131,150</u>	<u>1,039,068,000</u>	
Financial liabilities not measured at fair value												
Due to banks	-	-	8,086,326,040	8,086,326,040	-		-	-	6,691,396,111	6,691,396,111	-	
Term deposits from customers	-	-	9,365,358,671	9,365,358,671	10,035,484,787	Level 3	-	-	10,084,941,641	10,084,941,641	12,683,867,582	Level 3
Savings deposits from customers	-	-	446,087,445	446,087,445	-		-	-	739,041,739	739,041,739	-	
Borrowings	-	-	10,815,997,020	10,815,997,020	-		-	-	10,447,595,018	10,447,595,018	-	
Subordinated debentures	-	-	1,768,985,169	1,768,985,169	1,438,996,562	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	-	-	275,929,014	275,929,014	-		-	-	321,734,938	321,734,938	-	
	<u>-</u>	<u>-</u>	<u>31,040,805,815</u>	<u>31,040,805,815</u>	<u>11,474,481,349</u>		<u>-</u>	<u>-</u>	<u>30,335,379,093</u>	<u>30,335,379,093</u>	<u>14,569,475,668</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-Sep-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
Financial assets measured at fair value												
Investments in equity securities - quoted	188,510,036	-	-	188,510,036	188,510,036	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	338,485,662	-	-	338,485,662	338,485,662	Level 3	302,576,554	-	-	302,576,554	302,576,554	Level 3
	<u>526,995,698</u>	<u>14,762,768</u>	<u>-</u>	<u>541,758,466</u>	<u>541,758,466</u>		<u>355,645,146</u>	<u>14,762,768</u>	<u>-</u>	<u>370,407,914</u>	<u>370,407,914</u>	
Financial assets not measured at fair value												
Cash and cash equivalents	-	-	613,024,653	613,024,653	-		-	-	664,573,516	664,573,516	-	
Deposits with licensed commercial banks	-	-	7,845,299,491	7,845,299,491	-		-	-	6,797,594,653	6,797,594,653	-	
Repurchase agreements	-	-	577,346,821	577,346,821	-		-	-	1,557,904,480	1,557,904,480	-	
Finance lease, Hire purchase and other loans	-	-	25,431,678,953	25,431,678,953	-		-	-	25,683,911,899	25,683,911,899	-	
Other advances	-	-	868,618,620	868,618,620	-		-	-	418,229,666	418,229,666	-	
Treasury bills	-	-	1,124,017,939	1,124,017,939	1,094,689,200	Level 1	-	-	1,035,774,578	1,035,774,578	1,039,068,000	Level 1
	-	-	<u>36,459,986,477</u>	<u>36,459,986,477</u>	<u>1,094,689,200</u>		-	-	<u>36,157,988,792</u>	<u>36,157,988,792</u>	<u>1,039,068,000</u>	
Financial liabilities not measured at fair value												
Due to banks	-	-	8,086,326,040	8,086,326,040	-		-	-	6,691,396,111	6,691,396,111	-	
Term deposits from customers	-	-	9,277,332,962	9,277,332,962	9,886,926,005	Level 3	-	-	10,043,296,712	10,043,296,712	12,639,648,881	Level 3
Savings deposits from customers	-	-	446,087,445	446,087,445	-		-	-	739,041,739	739,041,739	-	
Borrowings	-	-	10,815,997,020	10,815,997,020	-		-	-	10,447,595,018	10,447,595,018	-	
Subordinated debentures	-	-	1,768,985,169	1,768,985,169	1,438,996,562	Level 3	-	-	1,768,547,190	1,768,547,190	1,885,608,086	Level 3
Other liabilities	-	-	275,929,014	275,929,014	-		-	-	321,734,938	321,734,938	-	
	-	-	<u>30,670,657,650</u>	<u>30,670,657,650</u>	<u>11,325,922,567</u>		-	-	<u>30,011,611,708</u>	<u>30,011,611,708</u>	<u>14,525,256,967</u>	

Segment report

As at 30 September	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.
Revenue																
<i>External customers</i>																
Interest	2,225,206,051	2,414,802,735	192,565,060	114,476,146	197,268,383	141,072,735	476,091,678	155,501,651	666,324	229,099	4,027,140	133,910	-	-	3,095,824,636	2,826,216,276
Trading	-	-	-	-	-	-	115,375,811	27,580,389	-	-	(144,362)	1,683,129	-	-	115,231,449	29,263,518
Commissions	-	-	-	-	-	-	-	-	56,110,014	55,979,143	32,155,581	34,422,322	20,528	20,442	88,286,123	90,421,907
Rent	-	-	-	-	-	-	14,638,305	13,998,305	-	-	-	-	-	-	14,638,305	13,998,305
Dividends	-	-	-	-	-	-	3,093,982	1,639,089	-	-	-	-	-	-	3,093,982	1,639,089
Other income	2,764,974	5,854,057	-	-	-	-	8,916,033	430,306	-	-	-	-	87,696,435	41,025,303	99,377,442	47,309,666
Total revenue	2,227,971,025	2,420,656,792	192,565,060	114,476,146	197,268,383	141,072,735	618,115,809	199,149,740	56,776,338	56,208,242	36,038,359	36,239,361	87,716,963	41,045,745	3,416,451,937	3,008,848,761
Profit/(loss) before tax															237,477,760	161,553,573
Taxation															(73,380,527)	(40,808,259)
Profit after tax															164,097,233	120,745,314
Segment Assets	21,261,977,617	23,540,893,751	2,983,361,037	1,268,657,523	2,054,860,919	1,803,327,737	11,558,650,037	8,145,170,344	13,541,825	41,612,514	69,626,748	97,396,959	1,154,371,603	1,133,800,641	39,096,389,786	36,030,859,469
Segment Liabilities	21,060,249,766	24,642,328,435	1,820,251,796	1,165,369,166	1,864,710,703	1,436,122,907	5,842,837,800	2,027,347,833	1,822,835	21,473,257	15,590,926	21,401,157	829,158,516	418,526,035	31,434,622,342	29,732,568,790
Information on Cash flows																
Operating activities	(253,249,556)	1,450,949,035	(92,419,003)	121,698,059	(118,564,318)	32,127,603	1,269,715,770	1,065,646,281	(86,088,581)	14,253,096	10,579,791	12,021,278	(287,887,693)	(95,504,198)	442,086,410	2,601,191,154
Investing activities	-	-	-	-	-	-	(32,286,680)	(371,352,961)	-	-	-	-	-	-	(32,286,680)	(371,352,961)
Capital expenditure	(12,432,751)	(14,069,236)	(1,744,493)	(758,214)	(1,201,561)	(1,077,760)	(6,758,816)	(4,867,968)	(27,266)	-	-	(6,578,020)	(675,008)	(677,617)	(22,839,895)	(28,028,815)
Financing activities	-	-	-	-	-	-	-	-	-	-	-	-	(421,174,823)	(2,536,096,965)	(421,174,823)	(2,536,096,965)
Net cash flow	(265,682,307)	1,436,879,799	(94,163,496)	120,939,845	(119,765,879)	31,049,843	1,230,670,274	689,425,352	(86,115,847)	14,253,096	10,579,791	5,443,258	(709,737,524)	(2,632,278,780)	(34,214,988)	(334,287,587)
Depreciation and amortisation	(150,016,249)	(175,121,451)	(21,049,436)	(9,437,583)	(14,498,300)	(13,415,012)	(2,114,374)	(2,114,373)	(279,066)	(628,969)	(3,932,386)	(3,858,457)	(8,144,797)	(8,434,379)	(200,034,608)	(213,010,224)
Impairment charges and other credit losses	(385,315,980)	(638,097,202)	(308,735)	(20,309)	14,257,252	(28,173,654)	-	-	-	-	-	-	58,883	10,194	(371,308,580)	(666,280,971)

Selected performance indicators

As at 30 September	2022	2021
Regulatory Capital Adequacy		
Core Capital - Tier 1 (Rs. '000)	7,432,069	6,234,696
Total Capital Base - Tier 1 and 2 (Rs. '000)	8,099,879	7,252,571
Core Capital Adequacy Ratio, (Minimum requirement 2022-8.5%, 2021-7.0%)	22.61%	18.01%
Total Capital Adequacy Ratio, (Minimum requirement 2022-12.5%, 2021-11.0%)	24.65%	20.95%
Capital Funds to Deposit Liabilities Ratio, (Minimum requirement 10%)	82.56%	60.88%

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)	4,897,080	6,719,597	2,211,238
Gross Non-Performing Loans Ratio	16.98%	23.62%	7.77%
Net Non-Performing Loans Ratio	8.60%	16.36%	1.68%
Net Non-Performing Loans to Core Capital Ratio	32.80%	74.64%	7.65%
Provision Coverage Ratio	49.36%	30.77%	78.43%

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 period ended 30 September 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	8.13%	8.92%
Return on Assets (before Tax)	1.63%	1.21%
Return on Equity (after Tax)	3.59%	3.45%
Cost to Income Ratio	58.72%	46.97%

Liquidity

Required minimum amount of Liquid Assets (Rs. '000)	1,408,697	1,626,346
Available amount of Liquid Assets (Rs. '000)	2,316,623	1,737,044
Available Liquid Assets to Required Liquid Assets	164.45%	106.81%
Liquid Assets to External Funds	7.60%	6.17%
Required minimum amount of Government Securities (Rs. '000)	1,107,054	966,183
Available amount of Government Securities (Rs. '000)	1,654,532	1,367,139

Computed as per CBSL guidelines

Debt

Debt-to-Equity ratio (times)	2.70	2.56
Interest cover (times)	1.11	1.10

Memorandum information

Number of employees	820	805
Number of branches	100	59
Number of service centers	-	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.

- 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.
- All known expenses have been provided for in these financial statements.
- The Board of Directors has declared and paid the following dividend.

Year	Dividend	Dividend per share Rs.	Total amount paid Rs.	Date of payment
2021/22	Final dividend	1.40	120,791,768	9-Sep-22

5 Debenture Information

5.1 Debenture issue - August 2019

Utilization of funds raised via capital market Debenture issue as at October 31, 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%	12.88%	12.87%	100.01	100.01	100.01

5.3 Interest rate of comparable government securities

As at	30.09.2022	30.09.2021
5 year Treasury Bonds	25.75%	9.40%

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	30.09.2022
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	30.09.2022	30.09.2021
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	30.09.2022	30.09.2021
Ordinary shares	86,279,834	77,651,851

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

Shareholder	Number of Shares	%
1. E. W. Balasuriya & Co. (Pvt) Limited	44,781,393	51.90
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	3.43
7. Mr. L. Balasuriya & Mr. S. K. Balasuriya	2,963,360	3.43
8. Mr. L. Balasuriya & Ms. A. S. Balasuriya	2,963,358	3.43
9. Dr. A. Balasuriya & Mr. S. Balasuriya	2,963,358	3.43
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
	86,263,812	

6.5 The float adjusted market capitalisation and public holding

As at	30.09.2022	30.09.2021	Minimum Requirement
The float adjusted market capitalisation (Rs)	7,410,937,318	1,783,611,251	1 Bn
Public holding percentage	21.42%	20.99%	7.5%
Number of public shareholders	187	9	200

6.6 Information on Ratios and Share Prices

As at	30.09.2022	30.09.2021
Dividend per share (Rs.)	1.40	1.16
Net Assets per share (Rs.)	88.67	81.59
Market Prices (Rs.)		
- Highest price	455.00	Not traded
- Lowest price	280.00	Not traded
- Last traded price	401.00	Not traded

Notes to the Financial Statements (Continued)

7 Impact due to current economic conditions

During the preparation of Financial Statements for the period ended 30 September 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. Political instability driven by the social unrest experienced during the quarter ended September 2022, further contributed to the stress experienced by businesses.

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.

These external factors directly impacted the main operations of the Company, which lead to deteriorate the asset quality during the quarter. However, the management of the Company implemented counter measures to manage the risks materialising due to the macroeconomic developments, consequently improving the quality of the asset portfolio by the end of the reporting period.

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.