



Senkadagala Finance PLC

**Interim Financial Statements for the period ended
30th June 2021**



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

Senkadagala Finance PLC

Statement of profit or loss

For the period ended 30th June	Company			Group		
	2021 Rs.	2020 Rs.	Change %	2021 Rs.	2020 Rs.	Change %
Gross income	1,421,581,243	1,174,026,066	21	1,467,405,490	1,220,883,931	20
Interest income	1,386,866,831	1,162,799,525	19	1,387,034,735	1,163,301,827	19
Interest expense	(657,355,518)	(813,612,220)	(19)	(657,615,530)	(812,596,779)	(19)
Net interest income	729,511,313	349,187,305	109	729,419,205	350,705,048	108
Fee and commission income	9,909,819	7,854,267	26	54,587,232	53,980,555	1
Fee and commission expense	(1,558,596)	(805,934)	93	(1,558,596)	(805,934)	93
Net fee and commission income	8,351,223	7,048,333	18	53,028,636	53,174,621	(0)
Net gain from trading	7,367,649	-	100	7,895,672	-	100
Net gain / (loss) from financial instruments designated at fair value through profit or loss	2,715,960	(2,474,076)	210	3,241,867	(2,169,801)	249
Other operating income	14,720,984	5,846,350	152	14,645,984	5,771,350	154
Net other operating income	24,804,593	3,372,274	636	25,783,523	3,601,549	616
Total operating income	762,667,129	359,607,912	112	808,231,364	407,481,218	98
Impairment charges and other credit losses	(474,583,810)	(142,719,185)	233	(474,583,810)	(142,719,185)	233
Net operating income	288,083,319	216,888,727	33	333,647,554	264,762,033	26
Personnel expenses	(166,322,900)	(152,304,042)	9	(173,147,820)	(155,622,089)	11
Depreciation expense	(102,220,493)	(101,350,779)	1	(104,420,118)	(101,681,459)	3
Amortisation expense	(2,975,550)	(3,603,357)	(17)	(2,989,786)	(3,603,357)	(17)
Other operating expenses	(114,752,073)	(125,832,962)	(9)	(117,165,332)	(128,173,060)	(9)
Operating loss before taxes on financial services	(98,187,697)	(166,202,413)	(41)	(64,075,502)	(124,317,932)	(48)
Taxes on financial services	(47,791,975)	-	(100)	(47,791,975)	-	(100)
Loss before income tax	(145,979,672)	(166,202,413)	(12)	(111,867,477)	(124,317,932)	(10)
Income tax expenses	(6,707,266)	20,674,143	(132)	(12,483,181)	12,090,044	(203)
Loss for the period	(152,686,938)	(145,528,270)	5	(124,350,658)	(112,227,888)	11
Basic/diluted earnings per share	(2.05)	(2.01)	2	(1.67)	(1.55)	8

Figures in brackets in 2021 and 2020 columns indicate deductions.
The above figures are provisional and subject to audit.

Statement of other comprehensive income

<i>For the period ended 30th June</i>	Company			Group		
	2021	2020	Change	2021	2020	Change
	Rs.	Rs.	%	Rs.	Rs.	%
Loss for the period	(152,686,938)	(145,528,270)	5	(124,350,658)	(112,227,888)	11
Other comprehensive income						
Items that will not be reclassified to profit or 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	(152,686,938)	(145,528,270)	5	(124,350,658)	(112,227,888)	11

*Figures in brackets in 2021 and 2020 columns indicate deductions.
The above figures are provisional and subject to audit.*

Statement of financial position

As at	Company			Group		
	30.06.2021 Rs.	31.03.2021 Rs. Audited	30.06.2020 Rs.	30.06.2021 Rs.	31.03.2021 Rs. Audited	30.06.2020 Rs.
Assets						
Cash and cash equivalents	553,423,169	606,071,689	268,295,123	589,155,229	647,544,645	332,768,874
Deposits with licensed commercial banks	4,083,286,192	4,591,535,045	216,266,996	4,083,286,192	4,591,535,045	216,266,996
Repurchase agreements	372,656,658	576,350,591	956,770,030	372,656,658	576,350,591	956,770,030
Financial assets held at fair value through profit or loss	1,183,470,628	508,509,464	376,343,290	1,240,127,286	558,362,192	389,185,251
Financial assets at amortised cost - Finance leases and hire purchases	23,813,338,131	24,735,380,314	25,602,601,391	23,813,338,131	24,735,380,314	25,602,601,391
Financial assets at amortised cost - Other loans and receivables	2,843,095,493	2,826,704,574	2,697,544,655	2,843,287,993	2,826,979,574	2,697,705,655
Financial assets measured at fair value through other comprehensive income	15,464,873	15,464,873	14,803,522	15,464,873	15,464,873	14,803,522
Financial assets at amortised cost - Other financial instruments	1,029,655,755	1,213,462,903	1,156,244,592	1,029,655,755	1,213,462,903	1,156,244,592
Investments in subsidiaries	328,301,663	328,301,663	328,301,663	-	-	-
Investment property	360,124,433	361,181,620	364,353,182	264,462,921	265,520,108	268,691,670
Property, plant and equipment	1,471,141,453	1,535,478,446	1,666,267,762	1,481,386,453	1,540,620,137	1,669,650,044
Intangible assets	52,143,822	55,119,372	42,634,270	52,749,972	55,409,635	42,634,270
Current tax receivable	-	-	57,896,980	-	-	55,636,252
Right-of-use assets	399,492,670	409,875,363	411,315,786	417,302,075	409,875,363	411,315,786
Other assets	178,514,343	139,952,593	173,965,737	182,767,149	88,097,162	137,895,625
Total assets	36,684,109,283	37,903,388,510	34,333,604,979	36,385,640,687	37,524,602,542	33,952,169,958
Liabilities						
Due to banks	6,143,209,154	7,143,545,886	5,892,962,505	6,143,554,762	7,143,545,886	5,892,962,505
Financial liabilities at amortised cost - Due to depositors	12,002,106,398	11,546,422,341	10,726,751,182	11,974,318,467	11,488,567,645	10,678,034,816
Financial liabilities at amortised cost - Other borrowings	8,810,047,804	9,792,389,529	6,051,756,127	8,810,047,804	9,792,389,529	6,051,756,127
Debt securities issued	-	-	2,571,346,083	-	-	2,571,346,083
Subordinated debentures	1,824,410,458	1,768,323,395	1,794,958,218	1,824,410,458	1,768,323,395	1,794,958,218
Lease liabilities	372,364,247	377,500,417	362,543,636	390,716,719	377,500,417	362,543,636
Deferred tax liabilities	218,653,138	319,294,434	381,696,896	217,930,747	318,583,517	381,470,040
Current tax payable	201,228,069	134,333,332	-	201,405,563	135,946,025	-
Amounts due to related companies	282,185,096	282,185,096	282,247,412	-	-	-
Employee retirement benefits	159,526,378	154,978,998	131,848,166	163,749,145	158,819,688	134,121,675
Other liabilities	501,309,189	425,034,092	872,716,452	516,236,168	435,680,228	875,590,885
Total liabilities	30,515,039,931	31,944,007,520	29,068,826,677	30,242,369,833	31,619,356,330	28,742,783,985
Equity						
Stated capital	1,950,237,980	1,587,862,680	1,587,862,680	1,950,237,980	1,587,862,680	1,587,862,680
Statutory reserve fund	460,036,033	460,036,033	430,036,033	464,997,079	464,997,079	434,997,079
Fair value reserve	4,760,867	4,760,867	4,099,516	4,760,867	4,760,867	4,099,516
Retained earnings	3,754,034,472	3,906,721,410	3,242,780,073	3,723,274,928	3,847,625,586	3,182,426,698
Total equity	6,169,069,352	5,959,380,990	5,264,778,302	6,143,270,854	5,905,246,212	5,209,385,973
Total liabilities and equity	36,684,109,283	37,903,388,510	34,333,604,979	36,385,640,687	37,524,602,542	33,952,169,958
Net assets per share	79.45	82.23	72.64	79.11	81.48	71.88

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.

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.

Sgd.

W M R S Dias
Chairman

Sgd.

L Balasuriya
Chief Executive Officer/Managing Director

Colombo, Sri Lanka
13th August 2021

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 1st April 2020	1,587,862,680	430,036,033	4,099,516	3,388,308,343	5,410,306,572
Total comprehensive income for the period					
Loss for the period	-	-	-	(145,528,270)	(145,528,270)
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(145,528,270)	(145,528,270)
<i>Transactions with equity holders recognised directly in equity</i>					
Dividends paid	-	-	-	-	-
Total contributions from and distributions to equity holders	-	-	-	-	-
Balance as at 30th June 2020	1,587,862,680	430,036,033	4,099,516	3,242,780,073	5,264,778,302
Balance as at 1st 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					
Loss 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
Dividends paid	-	-	-	-	-
Total contributions from and distributions to equity holders	362,375,300	-	-	-	362,375,300
Balance as at 30th June 2021	1,950,237,980	460,036,033	4,760,867	3,754,034,472	6,169,069,352
Group					
Balance as at 1st April 2020	1,587,862,680	434,997,079	4,099,516	3,294,654,586	5,321,613,861
Total comprehensive income for the period					
Loss for the period	-	-	-	(112,227,888)	(112,227,888)
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(112,227,888)	(112,227,888)
<i>Transactions with equity holders recognised directly in equity</i>					
Dividends paid	-	-	-	-	-
Total contributions from and distributions to equity holders	-	-	-	-	-
Balance as at 30th June 2020	1,587,862,680	434,997,079	4,099,516	3,182,426,698	5,209,385,973
Balance as at 1st 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					
Loss 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
Dividends paid	-	-	-	-	-
Total contributions from and distributions to equity holders	362,375,300	-	-	-	362,375,300
Balance as at 30th June 2021	1,950,237,980	464,997,079	4,760,867	3,723,274,928	6,143,270,854

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit.

Statement of cash flows

For the period ended 30th June	Company		Group	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Cash flows from operating activities				
Interest and commission receipts	557,043,662	1,298,014,337	601,888,979	1,344,642,927
Interest payments	(599,800,970)	(732,837,579)	(599,516,952)	(731,822,138)
Recoveries of bad debts	6,200,713	4,889,393	6,200,713	4,889,393
Other operating income	16,593,445	4,944,667	16,518,445	4,869,667
Operating expenditure	(156,635,805)	(155,288,290)	(159,049,064)	(157,628,388)
Rent expenses	(1,848,755)	-	(1,848,755)	-
Cash payments to employees	(156,855,995)	(142,837,137)	(163,298,838)	(146,215,808)
Operating cash flow before changes in operating assets and liabilities (Note A)	(335,303,705)	276,885,391	(299,105,472)	318,735,653
Changes in operating assets and liabilities				
Net funds received from / (advanced to) customers	1,258,971,451	(1,313,512,377)	1,259,053,951	(1,313,443,374)
Net deposits from customers	455,684,057	(495,860,298)	485,750,822	(496,875,742)
Deposits with licensed commercial banks	510,769,867	668,521,301	510,769,867	668,521,301
Government and other securities	387,501,081	20,158,495	387,501,081	20,158,495
Other assets	(38,561,750)	(22,328,034)	(94,669,987)	(22,706,703)
Other liabilities	74,756,262	263,359,712	79,037,105	248,787,999
	<u>2,649,120,968</u>	<u>(879,661,201)</u>	<u>2,627,442,839</u>	<u>(895,558,024)</u>
Net cash flow from operating activities before taxation	2,313,817,263	(602,775,810)	2,328,337,367	(576,822,371)
Taxes paid	(38,934,990)	(42,578,726)	(46,157,578)	(45,838,041)
Gratuity paid	(4,919,525)	(910,425)	(4,919,525)	(910,425)
Net cash generated from / (used in) operating activities	2,269,962,748	(646,264,961)	2,277,260,264	(623,570,837)
Cash flows from investing activities				
Net investment in trading securities	(664,877,558)	-	(670,627,558)	-
Dividends received on investments	162,604	717,850	162,604	717,850
Purchase of property, plant and equipment	(12,215,512)	(1,430,585)	(17,899,409)	(2,016,585)
Purchase of intangible assets	-	-	(330,123)	-
Proceeds from sale of property, plant and equipment	522,000	1,358,000	522,000	1,358,000
Addition of right-of-use assets	(4,308,612)	(12,442,800)	(4,308,612)	(12,442,800)
Net cash used in investing activities	(680,717,078)	(11,797,535)	(692,481,098)	(12,383,535)
Cash flows from financing activities				
Proceeds from rights issue	362,375,300	-	362,375,300	-
Securitized loans obtained	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Repayment of loans	(3,041,207,798)	(806,927,246)	(3,041,207,798)	(806,927,246)
Repayment of lease liabilities	(29,780,134)	(29,156,592)	(31,400,134)	(29,156,592)
Net cash (used in) / generated from financing activities	(1,708,612,632)	163,916,162	(1,710,232,632)	163,916,162

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit.

Statement of cash flows (Continued)

<i>For the period ended 30th June</i>	Company		Group	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Net decrease in cash and cash equivalents	(119,366,962)	(494,146,334)	(125,453,466)	(472,038,210)
Cash and cash equivalents at the beginning of the period	526,127,809	521,600,576	567,600,765	563,966,203
Cash and cash equivalents at the end of the period	406,760,847	27,454,242	442,147,299	91,927,993
Reconciliation of cash and cash equivalents				
Cash and cash equivalents	553,423,169	268,295,123	589,155,229	332,768,874
Bank overdrafts	(146,662,322)	(240,840,881)	(147,007,930)	(240,840,881)
	406,760,847	27,454,242	442,147,299	91,927,993
Note A				
Reconciliation of operating profit				
Loss before income tax	(145,979,672)	(166,202,413)	(111,867,477)	(124,317,932)
Depreciation and amortisation	105,196,043	104,954,136	107,409,904	105,284,816
Dividend receipts on investments	(162,604)	(717,850)	(162,604)	(717,850)
Profit on disposal of property, plant and equipment	(430,306)	(183,833)	(430,306)	(183,833)
Provision for defined benefit plan	9,466,905	9,466,905	9,848,982	9,406,281
Impairment charge on financial assets	486,383,963	119,455,767	486,383,963	119,455,767
Loss / (gain) from auction of pawned articles	18,644	(496,583)	18,644	(496,583)
Net (gain) / loss from financial instruments designated at FVTPL	(2,715,960)	2,474,076	(3,241,867)	2,169,801
Net gain from trading	(7,367,649)	-	(7,895,672)	-
Loss from foreign currency conversion	2,465,371	-	2,465,371	-
Interest expense on lease liabilities	14,632,776	15,560,509	15,176,806	15,560,509
Accrued interest on loans and advances	(839,732,988)	127,360,544	(839,732,988)	127,360,544
Accrued interest on borrowings	(13,165,291)	18,439,263	(13,165,291)	18,439,263
Accrued interest on debentures	56,087,063	46,774,870	56,087,063	46,774,870
	(335,303,705)	276,885,391	(299,105,472)	318,735,653

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.

	As at 30.06.2021					As at 31.03.2021						
	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	79,178,617	-	-	79,178,617	79,178,617	Level 1	79,178,617	-	-	79,178,617	79,178,617	Level 1
Investments in equity securities - unquoted	-	15,464,873	-	15,464,873	15,464,873	Level 3	-	15,464,873	-	15,464,873	15,464,873	Level 3
Investments in unit trusts - unquoted	429,330,847	-	-	429,330,847	429,330,847	Level 3	429,330,847	-	-	429,330,847	429,330,847	Level 3
	<u>508,509,464</u>	<u>15,464,873</u>	<u>-</u>	<u>523,974,337</u>	<u>523,974,337</u>		<u>508,509,464</u>	<u>15,464,873</u>	<u>-</u>	<u>523,974,337</u>	<u>523,974,337</u>	<u>-</u>
Financial assets not measured at fair value												
Cash and cash equivalents	-	-	553,423,169	553,423,169	-		-	-	606,071,689	606,071,689	-	
Deposits with licensed commercial banks	-	-	4,083,286,192	4,083,286,192	-		-	-	4,591,535,045	4,591,535,045	-	
Repurchase agreements	-	-	372,656,658	372,656,658	-		-	-	576,350,591	576,350,591	-	
Finance lease, Hire purchase and other loans	-	-	26,340,479,288	26,340,479,288	-		-	-	27,226,101,233	27,226,101,233	-	
Other advances	-	-	315,954,336	315,954,336	-		-	-	335,983,655	335,983,655	-	
Treasury bonds	-	-	-	-	-		-	-	196,250,503	196,250,503	197,353,668	Level 1
Treasury bills	-	-	1,029,655,755	1,029,655,755	1,029,004,008	Level 1	-	-	1,017,212,400	1,017,212,400	1,013,452,051	Level 1
	<u>-</u>	<u>-</u>	<u>32,695,455,398</u>	<u>32,695,455,398</u>	<u>1,029,004,008</u>		<u>-</u>	<u>-</u>	<u>34,549,505,116</u>	<u>34,549,505,116</u>	<u>1,210,805,718</u>	<u>-</u>
Financial liabilities not measured at fair value												
Due to banks	-	-	6,143,209,154	6,143,209,154	-		-	-	7,143,545,886	7,143,545,886	-	
Term deposits from customers	-	-	11,400,247,400	11,400,247,400	11,641,845,441	Level 3	-	-	10,987,804,754	10,987,804,754	11,187,203,489	Level 3
Savings deposits from customers	-	-	601,858,998	601,858,998	-		-	-	558,617,587	558,617,587	-	
Borrowings	-	-	8,810,047,804	8,810,047,804	-		-	-	9,792,389,529	9,792,389,529	-	
Subordinated debentures	-	-	1,824,410,458	1,824,410,458	2,195,471,116	Level 3	-	-	1,768,323,395	1,768,323,395	2,148,803,253	Level 3
	<u>-</u>	<u>-</u>	<u>28,779,773,814</u>	<u>28,779,773,814</u>	<u>13,837,316,556</u>		<u>-</u>	<u>-</u>	<u>30,250,681,151</u>	<u>30,250,681,151</u>	<u>13,336,006,742</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.

	As at 30.06.2021					As at 31.03.2021						
	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	72,027,121	-	-	72,027,121	72,027,121	Level 1	79,178,617	-	-	79,178,617	79,178,617	Level 1
Investments in equity securities - unquoted	-	15,464,873	-	15,464,873	15,464,873	Level 3	-	15,464,873	-	15,464,873	15,464,873	Level 3
Investments in unit trusts - unquoted	1,111,443,507	-	-	1,111,443,507	1,111,443,507	Level 3	479,183,575	-	-	479,183,575	479,183,575	Level 3
	<u>1,183,470,628</u>	<u>15,464,873</u>	<u>-</u>	<u>1,198,935,501</u>	<u>1,198,935,501</u>		<u>558,362,192</u>	<u>15,464,873</u>	<u>-</u>	<u>573,827,065</u>	<u>573,827,065</u>	<u>-</u>
Financial assets not measured at fair value												
Cash and cash equivalents	-	-	589,155,229	589,155,229	-	-	-	647,544,645	647,544,645	-	-	-
Deposits with licensed commercial banks	-	-	4,083,286,192	4,083,286,192	-	-	-	4,591,535,045	4,591,535,045	-	-	-
Repurchase agreements	-	-	372,656,658	372,656,658	-	-	-	576,350,591	576,350,591	-	-	-
Finance lease, Hire purchase and other loans	-	-	26,340,671,788	26,340,671,788	-	-	-	27,226,376,233	27,226,376,233	-	-	-
Other advances	-	-	315,954,336	315,954,336	-	-	-	335,983,655	335,983,655	-	-	-
Treasury bonds	-	-	-	-	-	-	-	196,250,503	196,250,503	197,353,668	Level 1	-
Treasury bills	-	-	1,029,655,755	1,029,655,755	1,029,004,008	Level 1	-	-	1,017,212,400	1,017,212,400	1,013,452,051	Level 1
	<u>-</u>	<u>-</u>	<u>32,731,379,958</u>	<u>32,731,379,958</u>	<u>1,029,004,008</u>		<u>-</u>	<u>-</u>	<u>34,591,253,072</u>	<u>34,591,253,072</u>	<u>1,210,805,719</u>	<u>-</u>
Financial liabilities not measured at fair value												
Due to banks	-	-	6,143,554,762	6,143,554,762	-	-	-	7,143,545,886	7,143,545,886	-	-	-
Term deposits from customers	-	-	11,372,459,469	11,372,459,469	11,614,109,811	Level 3	-	-	10,929,950,058	10,929,950,058	11,129,346,327	Level 3
Savings deposits from customers	-	-	601,858,998	601,858,998	-	-	-	558,617,587	558,617,587	-	-	-
Borrowings	-	-	8,810,047,804	8,810,047,804	-	-	-	9,792,389,529	9,792,389,529	-	-	-
Subordinated debentures	-	-	1,824,410,458	1,824,410,458	2,195,471,116	Level 3	-	-	1,768,323,395	1,768,323,395	2,148,803,253	Level 3
	<u>-</u>	<u>-</u>	<u>28,752,331,491</u>	<u>28,752,331,491</u>	<u>13,809,580,927</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,192,826,455</u>	<u>30,192,826,455</u>	<u>13,278,149,580</u>	<u>-</u>

Segment report

As at 30th June	Leasing & Hire purchase		Pawning advances		Other Advances		Investments		Insurance Brokering		Unit trust management		Unallocated		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue																
<i>External customers</i>																
Interest	1,178,613,512	1,028,806,511	58,257,543	39,605,464	67,112,156	41,337,688	82,883,620	53,049,862	104,334	377,616	63,570	124,686	-	-	1,387,034,735	1,163,301,827
Trading	-	-	-	-	-	-	10,611,632	(2,474,076)	-	-	525,907	304,275	3,275	2,189	11,140,814	(2,167,612)
Commissions	-	-	-	-	-	-	-	-	25,587,554	36,062,104	19,089,859	10,064,184	20,442	69,160	44,697,855	46,195,448
Rent	-	-	-	-	-	-	6,999,153	1,425,000	-	-	-	-	-	-	6,999,153	1,425,000
Dividends	-	-	-	-	-	-	162,604	717,850	-	-	-	-	-	-	162,604	717,850
Other income	2,536,963	(592,816)	-	-	-	-	430,306	183,833	-	-	-	-	14,403,060	11,820,401	17,370,329	11,411,418
Total revenue	1,181,150,475	1,028,213,695	58,257,543	39,605,464	67,112,156	41,337,688	101,087,315	52,902,469	25,691,888	36,439,720	19,679,336	10,493,145	14,426,777	11,891,750	1,467,405,490	1,220,883,931
Profit before tax																(111,867,477)
Taxation																(12,483,181)
Profit after tax																(124,350,658)
Segment Assets	23,813,338,131	25,602,601,391	1,254,200,451	1,055,432,379	1,588,895,042	1,642,112,276	8,472,282,302	4,698,022,132	33,956,425	47,027,100	91,538,154	35,761,784	1,131,430,182	871,212,896	36,385,640,687	33,952,169,958
Segment Liabilities	25,088,844,714	25,176,682,574	1,237,449,826	969,214,507	1,425,530,867	1,011,605,037	2,147,198,009	1,303,856,238	15,038,564	2,078,398	21,525,329	2,785,187	306,782,524	276,562,044	30,242,369,833	28,742,783,985
Information on Cash flows																
Operating activities	961,166,836	(789,951,535)	87,388,124	(41,209,637)	34,828,672	(98,688,066)	1,184,934,471	383,424,238	(21,537,486)	5,278,656	9,472,555	6,286,157	21,007,093	(88,710,650)	2,277,260,265	(623,570,837)
Investing activities	-	-	-	-	-	-	(669,942,954)	2,075,850	-	-	-	-	-	-	(669,942,954)	2,075,850
Capital expenditure	(10,851,985)	(10,487,193)	(571,552)	(432,320)	(724,076)	(672,633)	(3,860,907)	(1,924,377)	-	-	(6,014,020)	(586,000)	(515,604)	(356,861)	(22,538,144)	(14,459,385)
Financing activities	-	-	-	-	-	-	-	-	-	-	-	-	(1,710,232,632)	163,916,162	(1,710,232,632)	163,916,162
Net cash flow	950,314,851	(800,438,728)	86,816,572	(41,641,957)	34,104,596	(99,360,698)	511,130,610	383,575,710	(21,537,486)	5,278,656	3,458,535	5,700,157	(1,689,741,143)	74,848,651	(125,453,465)	(472,038,210)
Depreciation and amortisation	(89,243,774)	(91,186,433)	(4,700,289)	(3,759,037)	(5,954,604)	(5,848,560)	(1,057,186)	(1,057,187)	(314,484)	(314,172)	(1,899,377)	(16,508)	(4,240,191)	(3,102,919)	(107,409,905)	(105,284,816)
Impairment charges and other credit losses	(434,005,964)	(112,316,246)	(18,644)	496,583	(40,569,396)	(30,956,139)	-	-	-	-	-	-	10,194	56,617	(474,583,810)	(142,719,185)

Selected performance indicators

As at 30th June

2021

2020

Regulatory Capital Adequacy

Core Capital - Tier 1 (Rs. '000)	6,232,726	5,216,762
Total Capital Base - Tier 1 and 2 (Rs. '000)	7,600,601	7,318,212
Core Capital Adequacy Ratio, (Minimum requirement 6.5%)	17.87%	14.78%
Total Capital Adequacy Ratio, (Minimum requirement 10.5%)	21.79%	20.73%
Capital funds to Deposit Liabilities Ratio, (Minimum requirement 10%)	63.33%	68.22%

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

Quality of Loan Portfolio

Gross Non-Performing Loans (Rs. '000)	2,173,372	1,888,947
Gross Non-Performing Loans Ratio	7.72%	6.50%
Net Non-Performing Loans Ratio	1.88%	2.01%
Net Non-Performing Loans to Core Capital Ratio	8.50%	11.21%
Provision Coverage Ratio	75.61%	69.13%

Profitability

Net Interest Margin	9.18%	4.40%
Return on Assets (before Tax)	-1.11%	-1.90%
Return on Equity (after Tax)	-10.68%	-11.14%
Cost to Income Ratio	50.75%	106.52%

Liquidity

Required minimum amount of Liquid Assets (Rs. '000)	768,890	792,716
Available amount of Liquid Assets (Rs. '000)	1,940,102	2,042,010
Available Liquid Assets to Required Liquid Assets	252.33%	257.60%
Liquid Assets to External Funds	6.74%	7.55%
Required minimum amount of Government Securities (Rs. '000)	644,122	707,062
Available amount of Government Securities (Rs. '000)	1,501,606	1,577,043

Computed as per CBSL guidelines

Debt

Debt-to-Equity ratio (times)	2.72	3.10
Interest cover (times)	0.78	0.80

Memorandum information

Number of employees	801	806
Number of branches	59	59
Number of service centers	41	41
External Credit Rating by Fitch Ratings Lanka Limited	BBB+(lka) Stable outlook	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, 2021 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 Mr. D.T.P. Collure retired from his position as an Independent, Non-executive Director of the Company with effect from May 20, 2021 on reaching the maximum retirement age permitted by the Finance Companies (Corporate Governance) Direction No.03 of 2008 issued by the Central Bank of Sri Lanka.
- 3 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 issue during the period.
- 4 All known expenses have been provided for in these financial statements.
- 5 The Board of Directors proposed a final dividend of Rs.1.16 per share for the financial year ended 31st March 2021, subject to approval by the shareholders at the Annual General Meeting.

6 Rights issue information

The Company made a rights issue of one (01) share for every fourteen (14) ordinary shares held, at a price of Rs.70.00 per share with the approval of the Central Bank of Sri Lanka and the Colombo Stock Exchange during the month of April 2021.

Utilisation of funds raised via Rights Issue as at August 13, 2021

Objective number	Objective as per Circular	Amount allocated as per Circular	Proposed date of utilization as per Circular	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	Improve capital adequacy	Rs.362.38 Mn	Date of rights issue completed	Rs.362.38 Mn	100%	Rs.362.38 Mn	100.0%	N/A
2	Expansion of the lending portfolio	Rs.362.38 Mn	Within one month from the date of receipt	Rs.362.38 Mn	100%	Rs.362.38 Mn	100.0%	N/A

7 Debenture Information

7.1 Debenture issue -August 2019

Utilisation of funds raised via capital market Debenture issue as at August 13, 2021

Objective as per prospectus	Amount allocated as per prospectus	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
Expansion of the lending portfolio	Rs.1.75 Bn	Within 12 months from the date of allotment	Rs.1.75 Bn	100%	Rs.1.75 Bn	100%	N/A

7.2 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%	12.56%	11.86%	102.49	102.49	102.02

Notes to the financial statements (continued)

7.3 Interest rate of comparable government securities

As at	30.06.2021	30.06.2020
5 year Treasury bonds	7.25%	6.65%

8 Share information

8.1 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	30.06.2021
1. Dr. A. Balasuriya & Mr. D. Balasuriya	2,235,024
2. Mr. L. Balasuriya & Mr. S. K. Balasuriya	2,235,024
3. Dr. A. Balasuriya & Mr. S. Balasuriya	2,235,023
4. Mr. L. Balasuriya & Ms. A. S. Balasuriya	2,235,023
5. Mrs. L. Fernando & Ms. S.A. Fernando	1,249,533
6. Mrs. L. Fernando & Mr. A. R. Fernando	1,249,532
7. Mrs. L. Fernando & Ms. A.L. Fernando	1,249,532
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. S.R. Pushpakumara	Nil
12. Mr. N. Vasantha Kumar	Nil
13. Dr. (Ms.) R. A. Perera	Nil

8.2 Key Management Shareholdings

The number of shares held by the Key Management Personnel.

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

8.3 Stated Capital

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

As at	30.06.2021	31.03.2021
Ordinary shares	77,651,851	72,475,061

Notes to the financial statements (continued)

8.4 The 20 largest shareholders of the Company as at June 30, 2021 were:

Shareholder	Number of Shares	%
1. E. W. Balasuriya & Co. (Pvt) Limited	44,165,393	56.88
2. Hallsville Trading Group Inc.	6,379,706	8.22
3. Dr. (Mrs.) G. Madan Mohan	4,470,048	5.76
4. Mr. R. Balasuriya	4,470,048	5.76
5. Dr. M. Balasuriya (Deceased)	4,172,046	5.37
6. Dr. A. Balasuriya & Mr. D. Balasuriya	2,235,024	2.88
7. Mr. L. Balasuriya & Mr. S. K. Balasuriya	2,235,024	2.88
8. Mr. L. Balasuriya & Ms. A. S. Balasuriya	2,235,023	2.88
9. Dr. A. Balasuriya & Mr. S. Balasuriya	2,235,023	2.88
10. Mrs. L. Fernando & Ms.S.A. Fernando	1,249,533	1.61
11. Mrs. L. Fernando & Mr. A. R.Fernando	1,249,532	1.61
12. Mrs. L. Fernando & Ms. A.L. Fernando	1,249,532	1.61
13. Mr. D. K. C. R. Fernando	721,444	0.93
14. Mrs. Chandra Fernando	185,237	0.24
15. Estate of the late Mr. D. G. K. Hewamallika	172,888	0.22
16. Mr. I. M. Thaha	144,073	0.19
17. Mr. M. M. Ariyaratne	33,913	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
	77,651,835	

8.5 The float adjusted market capitalisation and public holding

As at	30.06.2021	30.06.2020	Minimum Requirement
The float adjusted market capitalisation (Rs.)	1,475,074,364	1,042,884,032	1 Bn
Public holding percentage	20.98%	15.64%	7.50%
Number of public shareholders	9	8	200

8.6 Information on Ratios and Share Prices

As at	30.06.2021	30.06.2020
Dividend per share (Rs.)	Nil	Nil
Net Assets per share (Rs.)	79.45	72.64
Market Prices (Rs.)		
- Highest price	Not traded	Not traded
- Lowest price	Not traded	Not traded
- Last traded price	Not traded	Not traded

Notes to the Financial Statements (Continued)

9 The impact of COVID-19 pandemic on the business/ operations of the Company

The outbreak of COVID-19 has caused disruptions to business and economic activities creating a widespread uncertainty in the economy. Several guidelines and instructions were issued by the government health authorities and the Central Bank of Sri Lanka which are strictly followed by the Company.

The Central Bank of Sri Lanka issued circulars and guidelines for financial institutions to offer concessions on financial obligations to individual customers and private businesses as a result of the adverse short-term impact on their sources of income. The relief measures include deferment of payment, restructuring, concessionary interest rate and waving off certain charges and fees. These are causing an adverse impact to the earnings and the cash flows of the Company.

However, 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 COVID-19 pandemic, on the financial performance, financial position and cash flows of the Company.

10 Accounting for the impact of COVID-19 pandemic on the business of the Company

Moratorium scheme provided by the Central Bank of Sri Lanka was accounted for as a non-substantial modification to financial assets under SLFRS 09 – Financial Instruments, for both finance leases and the loans, when preparing Financial Statements up to the 3rd quarter of the financial year 2020/21.

However, when preparing the Financial Statements for the year ended March 2021, it was concluded that there is no change in the scope and consideration of the lease contracts that were granted moratorium. Therefore, the concession granted under the COVID-19 moratorium scheme by way of a deferment of lease instalments is not a modification of the lease contracts. Accordingly, the requirements of SLFRS 16 - Leases were applied when accounting for the lease contracts that were given the moratorium.

Comparative figures for June 2020 has been restated to reflect the changes in accounting principles adopted at the end of the financial year. Accordingly, the moratorium adjustment relating to lease contracts was accounted for based on the requirements specified in SLFRS 16 and the related changes in the lease payments were accounted as a variable lease payment in the comparatives shown herein.

11 Events after the reporting period

There were no material events occurring after the reporting period that require adjustment to or disclosure in the Financial Statements other than the disclosure above.