



Senkadagala Finance PLC

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



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

Senkadagala Finance PLC

Income statement

For the three month period ended 30th September	Company			Group		
	2021 Rs.	2020 Rs.	Change %	2021 Rs.	2020 Rs.	Change %
Gross income	1,533,441,892	1,646,255,931	(7)	1,541,443,271	1,647,987,061	(6)
Interest income	1,438,986,436	1,520,504,613	(5)	1,439,181,541	1,520,743,805	(5)
Interest expense	(598,825,243)	(770,819,241)	(22)	(598,797,956)	(769,783,685)	(22)
Net interest income	840,161,193	749,685,372	12	840,383,585	750,960,120	12
Fee and commission income	16,231,498	18,728,393	(13)	61,955,550	64,860,772	(4)
Fee and commission expense	(2,501,263)	(5,696,137)	(56)	(2,501,263)	(5,696,137)	(56)
Net fee and commission income	13,730,235	13,032,256	5	59,454,287	59,164,635	0
Net gain from trading	9,735,508	1,682,364	479	9,735,508	1,682,364	479
Net gain from financial instruments designated at fair value through profit or loss	7,233,249	35,934,342	(80)	8,390,471	36,368,901	(77)
Other operating income	61,255,201	69,406,219	(12)	22,180,201	24,331,219	(9)
Net other operating income	78,223,958	107,022,925	(27)	40,306,180	62,382,484	35
Total operating income	932,115,386	869,740,553	7	940,144,052	872,507,239	8
Impairment (charge) / reversal and other credit losses	(191,697,161)	57,891,780	431	(191,697,161)	57,891,780	431
Net operating income	740,418,225	927,632,333	(20)	748,446,891	930,399,019	(20)
Personnel expenses	(166,945,056)	(156,763,136)	6	(174,243,589)	(161,384,027)	8
Depreciation expense	(99,932,699)	(105,771,227)	(6)	(102,186,941)	(106,122,881)	(4)
Amortisation expense	(3,394,056)	(3,077,823)	10	(3,413,379)	(3,077,823)	11
Other operating expenses	(137,295,131)	(198,231,855)	(31)	(140,039,917)	(200,898,821)	(30)
Operating profit before taxes on financial services	332,851,283	463,788,292	(28)	328,563,065	458,915,467	(28)
Taxes on financial services	(55,142,015)	(41,488,174)	33	(55,142,015)	(41,488,174)	33
Profit before income tax	277,709,268	422,300,118	(34)	273,421,050	417,427,293	(34)
Income tax (expense) / reversal	(21,354,764)	7,819,308	(373)	(28,325,078)	523,042	(5,515)
Profit for the period	256,354,504	430,119,426	(160)	245,095,972	417,950,335	(41)
Basic/diluted earnings per share	3.40	5.93	(157)	3.25	5.77	(44)

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 three month period ended 30th September</i>	Company			Group		
	2021	2020	Change	2021	2020	Change
	Rs.	Rs.	%	Rs.	Rs.	%
Profit for the period	<u>256,354,504</u>	<u>430,119,426</u>	<u>(160)</u>	<u>245,095,972</u>	<u>417,950,335</u>	<u>(41)</u>
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	-	-	-	-	-	-
Total other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period net of tax	<u>256,354,504</u>	<u>430,119,426</u>	<u>(40)</u>	<u>245,095,972</u>	<u>417,950,335</u>	<u>(41)</u>

Figures in brackets in 2021 and 2020 columns indicate deductions.

The above figures are provisional and subject to audit.

Statement of profit or loss

For the period ended 30th September	Company			Group		
	2021 Rs.	2020 Rs.	Change %	2021 Rs.	2020 Rs.	Change %
Gross income	2,955,023,135	2,820,281,997	5	3,008,848,761	2,868,870,992	5
Interest income	2,825,853,267	2,683,304,138	5	2,826,216,276	2,684,045,632	5
Interest expense	(1,256,180,761)	(1,584,431,461)	(21)	(1,256,413,486)	(1,582,380,464)	(21)
Net interest income	1,569,672,506	1,098,872,677	43	1,569,802,790	1,101,665,168	42
Fee and commission income	26,141,317	26,582,660	(2)	116,542,782	118,841,327	(2)
Fee and commission expense	(4,059,859)	(6,502,071)	(38)	(4,059,859)	(6,502,071)	(38)
Net fee and commission income	22,081,458	20,080,589	10	112,482,923	112,339,256	0
Net gain from trading	17,103,157	1,682,364	917	17,631,180	1,682,364	948
Net gain from financial instruments designated at fair value through profit or loss	9,949,209	33,460,266	(70)	11,632,338	34,199,100	(66)
Other operating income	75,976,185	75,252,569	1	36,826,185	30,102,569	22
Net other operating income	103,028,551	110,395,199	(7)	66,089,703	65,984,033	0
Total operating income	1,694,782,515	1,229,348,465	38	1,748,375,416	1,279,988,457	37
Impairment charges and other credit losses	(666,280,971)	(84,827,405)	685	(666,280,971)	(84,827,405)	685
Net operating income	1,028,501,544	1,144,521,060	(10)	1,082,094,445	1,195,161,052	(9)
Personnel expenses	(333,267,956)	(309,067,178)	8	(347,391,409)	(317,006,116)	10
Depreciation expense	(202,153,192)	(207,122,006)	(2)	(206,607,059)	(207,804,340)	(1)
Amortisation expense	(6,369,606)	(6,681,180)	(5)	(6,403,165)	(6,681,180)	(4)
Other operating expenses	(252,047,204)	(324,064,817)	(22)	(257,205,249)	(329,071,881)	(22)
Operating profit before taxes on financial services	234,663,586	297,585,879	(21)	264,487,563	334,597,535	(21)
Taxes on financial services	(102,933,990)	(41,488,174)	148	(102,933,990)	(41,488,174)	148
Profit before income tax	131,729,596	256,097,705	(49)	161,553,573	293,109,361	(45)
Income tax (expense) / reversal	(28,062,030)	28,493,451	198	(40,808,259)	12,613,086	424
Profit for the period	103,667,566	284,591,156	(64)	120,745,314	305,722,447	(61)
Basic/diluted earnings per share	1.38	3.93	(65)	1.60	4.22	(62)

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 September</i>	Company			Group		
	2021	2020	Change	2021	2020	Change
	Rs.	Rs.	%	Rs.	Rs.	%
Profit for the period	103,667,566	284,591,156	(64)	120,745,314	305,722,447	(61)
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	103,667,566	284,591,156	(64)	120,745,314	305,722,447	(61)

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		
	30.09.2021 Rs.	31.03.2021 Rs. Audited	30.09.2020 Rs.	30.09.2021 Rs.	31.03.2021 Rs. Audited	30.09.2020 Rs.
Assets						
Cash and cash equivalents	555,139,981	606,071,689	732,278,198	604,364,009	647,544,645	760,930,907
Deposits with licensed commercial banks	4,056,300,353	4,591,535,045	5,529,074,532	4,056,300,353	4,591,535,045	5,529,074,532
Repurchase agreements	453,047,534	576,350,591	884,299,671	453,047,534	576,350,591	884,299,671
Financial assets held at fair value through profit or loss	903,325,878	508,509,464	487,114,156	961,139,758	558,362,192	521,890,675
Financial assets at amortised cost - Finance leases and hire purchases	23,540,893,751	24,735,380,314	26,685,472,345	23,540,893,751	24,735,380,314	26,685,472,345
Financial assets at amortised cost - Other loans and receivables	3,071,985,260	2,826,704,574	2,695,109,339	3,072,095,260	2,826,979,574	2,695,201,339
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	1,002,334,460	1,213,462,903	1,179,895,367	1,002,334,460	1,213,462,903	1,179,895,367
Investments in subsidiaries	328,301,663	328,301,663	328,301,663	-	-	-
Investment property	359,067,246	361,181,620	363,295,995	263,405,734	265,520,108	267,634,483
Property, plant and equipment	1,401,117,404	1,535,478,446	1,631,438,664	1,411,291,200	1,540,620,137	1,634,475,646
Intangible assets	50,174,108	55,119,372	39,556,447	50,760,935	55,409,635	39,708,857
Current tax receivable	-	-	108,170,490	-	-	106,192,672
Right-of-use assets	374,143,534	409,875,363	390,431,216	390,333,902	409,875,363	390,431,216
Other assets	243,517,125	139,952,593	214,799,962	209,427,700	88,097,162	171,847,407
Total assets	36,354,813,170	37,903,388,510	41,284,041,567	36,030,859,469	37,524,602,542	40,881,858,639
Liabilities						
Due to banks	6,055,313,753	7,143,545,886	6,988,198,755	6,056,373,890	7,143,545,886	6,988,198,755
Financial liabilities at amortised cost - Due to depositors	11,912,235,818	11,546,422,341	10,760,217,498	11,863,907,555	11,488,567,645	10,695,465,577
Financial liabilities at amortised cost - Other borrowings	8,411,629,505	9,792,389,529	11,668,925,350	8,411,629,505	9,792,389,529	11,668,925,350
Debt securities issued	-	-	2,544,769,961	-	-	2,544,769,961
Subordinated debentures	1,768,746,953	1,768,323,395	1,768,527,979	1,768,746,953	1,768,323,395	1,768,527,979
Lease liabilities	356,737,608	377,500,417	351,977,306	373,983,125	377,500,417	351,977,306
Deferred tax liabilities	129,252,348	319,294,434	373,877,588	128,530,902	318,583,517	373,657,837
Current tax payable	143,516,570	134,333,332	-	144,534,756	135,946,025	-
Amounts due to related companies	282,122,456	282,185,096	282,247,412	-	-	-
Employee retirement benefits	165,490,684	154,978,998	139,580,434	169,950,198	158,819,688	142,387,912
Other liabilities	794,419,766	425,034,092	710,821,556	814,911,906	435,680,228	720,611,654
Total liabilities	30,019,465,461	31,944,007,520	35,589,143,839	29,732,568,790	31,619,356,330	35,254,522,331
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	3,920,312,829	3,906,721,410	3,672,899,499	3,878,294,753	3,847,625,586	3,600,377,033
Total equity	6,335,347,709	5,959,380,990	5,694,897,728	6,298,290,679	5,905,246,212	5,627,336,308
Total liabilities and equity	36,354,813,170	37,903,388,510	41,284,041,567	36,030,859,469	37,524,602,542	40,881,858,639
Net assets per share	81.59	82.23	78.58	81.11	81.48	77.65

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
12th November 2021

Senkadagala Finance PLC

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					
Profit for the period	-	-	-	284,591,156	284,591,156
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	284,591,156	284,591,156
<i>Transactions with equity holders recognised directly in equity</i>					
Dividends paid	-	-	-	-	-
Total contributions from and distributions to equity holders	-	-	-	-	-
Balance as at 30th September 2020	1,587,862,680	430,036,033	4,099,516	3,672,899,499	5,694,897,728
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					
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 30th September 2021	1,950,237,980	460,036,033	4,760,867	3,920,312,829	6,335,347,709
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					
Profit for the period	-	-	-	305,722,447	305,722,447
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	305,722,447	305,722,447
<i>Transactions with equity holders recognised directly in equity</i>					
Dividends paid	-	-	-	-	-
Total contributions from and distributions to equity holders	-	-	-	-	-
Balance as at 30th September 2020	1,587,862,680	434,997,079	4,099,516	3,600,377,033	5,627,336,308
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					
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 30th September 2021	1,950,237,980	464,997,079	4,760,867	3,878,294,753	6,298,290,679

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit.

Statement of cash flows

For the period ended 30th September	Company		Group	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Cash flows from operating activities				
Interest and commission receipts	1,634,922,172	3,080,933,706	1,725,686,646	3,173,933,867
Interest payments	(1,222,982,466)	(1,586,718,550)	(1,222,158,116)	(1,584,667,553)
Recoveries of bad debts	13,214,715	19,559,488	13,214,715	19,559,488
Other operating income	37,372,161	20,146,164	37,222,161	19,996,164
Operating expenditure	(346,907,883)	(449,934,633)	(352,065,928)	(454,941,697)
Rent expenses	(2,229,268)	(2,661,760)	(2,229,268)	(2,661,760)
Cash payments to employees	(314,334,145)	(290,133,367)	(327,592,774)	(297,598,960)
Operating cash flow before changes in operating assets and liabilities (Note A)	(200,944,714)	791,191,048	(127,922,564)	873,619,549
Changes in operating assets and liabilities				
Net funds received from / (advanced to) customers	1,476,868,507	(2,542,520,758)	1,477,033,507	(2,542,382,758)
Net deposits from customers	365,813,477	(462,393,982)	375,339,910	(479,444,978)
Deposits with licensed commercial banks	515,347,929	(4,644,286,235)	515,347,929	(4,644,286,235)
Government and other securities	334,431,500	68,978,079	334,431,500	68,978,079
Other assets	(103,564,532)	(63,162,259)	(121,330,538)	(56,658,485)
Other liabilities	337,613,866	136,514,274	347,522,510	128,858,223
	<u>2,926,510,747</u>	<u>(7,506,870,881)</u>	<u>2,928,344,818</u>	<u>(7,524,936,154)</u>
Net cash flow from operating activities before taxation	2,725,566,033	(6,715,679,833)	2,800,422,254	(6,651,316,605)
Taxes paid	(177,211,710)	(127,901,694)	(190,562,975)	(138,733,080)
Gratuity paid	(8,422,125)	(2,645,063)	(8,668,125)	(2,645,063)
Net cash generated from / (used in) operating activities	2,539,932,198	(6,846,226,590)	2,601,191,154	(6,792,694,748)
Cash flows from investing activities				
Net investment in trading securities	(367,764,049)	(73,154,162)	(373,514,050)	(94,654,162)
Dividends received on investments	40,639,089	47,321,863	1,639,089	2,321,863
Purchase of property, plant and equipment	(15,717,841)	(50,526,151)	(21,965,738)	(51,112,151)
Purchase of intangible assets	(1,424,342)	-	(1,754,465)	(158,760)
Proceeds from sale of property, plant and equipment	522,000	15,182,435	522,000	15,182,435
Addition of right-of-use assets	(4,308,612)	(14,096,200)	(4,308,612)	(14,096,200)
Net cash used in investing activities	(348,053,755)	(75,272,215)	(399,381,776)	(142,516,975)
Cash flows from financing activities				
Proceeds from rights issue	362,375,300	-	362,375,300	-
Securitized loans obtained	1,000,000,000	9,653,250,000	1,000,000,000	9,653,250,000
Repayment of loans	(3,745,530,519)	(2,725,076,248)	(3,745,530,519)	(2,725,076,248)
Repayment of lease liabilities	(59,625,599)	(57,721,933)	(62,865,599)	(57,721,933)
Dividends paid	(90,076,147)	-	(90,076,147)	-
Net cash (used in) / generated from financing activities	(2,532,856,965)	6,870,451,819	(2,536,096,965)	6,870,451,819

Figures in brackets indicate deductions.

The above figures are provisional and subject to audit.

Statement of cash flows (Continued)

For the period ended 30th September	Company		Group	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Net decrease in cash and cash equivalents	(340,978,522)	(51,046,986)	(334,287,587)	(64,759,904)
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	185,149,287	470,553,590	233,313,178	499,206,299
Reconciliation of cash and cash equivalents				
Cash and cash equivalents	555,139,981	732,278,198	604,364,009	760,930,907
Bank overdrafts	(369,990,694)	(261,724,608)	(371,050,831)	(261,724,608)
	185,149,287	470,553,590	233,313,178	499,206,299
Note A				
Reconciliation of operating profit				
Profit before income tax	131,729,596	256,097,705	161,553,573	293,109,361
Depreciation and amortisation	208,522,798	213,803,186	213,010,224	214,485,520
Dividend receipts on investments	(40,639,089)	(47,321,863)	(1,639,089)	(2,321,863)
Profit on disposal of property, plant and equipment	(430,306)	(7,784,542)	(430,306)	(7,784,542)
Provision for defined benefit plan	18,933,811	18,933,811	19,798,635	19,407,156
Impairment charge on financial assets	689,379,279	24,342,145	689,379,279	24,342,145
Loss / (gain) from auction of pawned articles	20,309	(496,583)	20,309	(496,583)
Net gain from financial instruments designated at FVTPL	(9,949,209)	(33,460,266)	(11,632,338)	(34,199,100)
Net gain from trading	(17,103,157)	(1,682,364)	(17,631,180)	(1,682,364)
Loss from foreign currency conversion	2,465,371	-	2,465,371	-
Interest expense on lease liabilities	28,851,602	29,084,391	29,908,677	29,084,391
Accrued interest on loans and advances	(1,217,072,412)	371,046,908	(1,217,072,412)	371,046,908
Accrued interest on borrowings	3,923,135	(25,139,989)	3,923,135	(25,139,989)
Accrued interest on debentures	423,558	(6,231,491)	423,558	(6,231,491)
	(200,944,714)	791,191,048	(127,922,564)	873,619,549

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 30.09.2021						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	75,001,091	-	-	75,001,091	75,001,091	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	828,324,787	-	-	828,324,787	828,324,787	Level 3	429,330,847	-	-	429,330,847	429,330,847	Level 3
	<u>903,325,878</u>	<u>15,464,873</u>	<u>-</u>	<u>918,790,751</u>	<u>918,790,751</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	-	-	555,139,981	555,139,981	-		-	-	606,071,689	606,071,689	-	
Deposits with licensed commercial banks	-	-	4,056,300,353	4,056,300,353	-		-	-	4,591,535,045	4,591,535,045	-	
Repurchase agreements	-	-	453,047,534	453,047,534	-		-	-	576,350,591	576,350,591	-	
Finance lease, Hire purchase and other loans	-	-	26,225,900,573	26,225,900,573	-		-	-	27,226,101,233	27,226,101,233	-	
Other advances	-	-	386,978,438	386,978,438	-		-	-	335,983,655	335,983,655	-	
Treasury bonds	-	-	-	-	-		-	-	196,250,503	196,250,503	197,353,668	Level 1
Treasury bills	-	-	1,002,334,460	1,002,334,460	994,160,163	Level 1	-	-	1,017,212,400	1,017,212,400	1,013,452,051	Level 1
	<u>-</u>	<u>-</u>	<u>32,679,701,339</u>	<u>32,679,701,339</u>	<u>994,160,163</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	-	-	6,055,313,753	6,055,313,753	-		-	-	7,143,545,886	7,143,545,886	-	
Term deposits from customers	-	-	10,909,500,028	10,909,500,028	11,183,376,649	Level 3	-	-	10,987,804,754	10,987,804,754	11,187,203,489	Level 3
Savings deposits from customers	-	-	1,002,735,790	1,002,735,790	-		-	-	558,617,587	558,617,587	-	
Borrowings	-	-	8,411,629,505	8,411,629,505	-		-	-	9,792,389,529	9,792,389,529	-	
Subordinated debentures	-	-	1,768,746,953	1,768,746,953	2,065,214,137	Level 3	-	-	1,768,323,395	1,768,323,395	2,148,803,253	Level 3
	<u>-</u>	<u>-</u>	<u>28,147,926,029</u>	<u>28,147,926,029</u>	<u>13,248,590,786</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 30.09.2021					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	75,001,091	-	-	75,001,091	75,001,091	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	886,138,667	-	-	886,138,667	886,138,667	Level 3	479,183,575	-	-	479,183,575	479,183,575	Level 3
	<u>961,139,758</u>	<u>15,464,873</u>	<u>-</u>	<u>976,604,631</u>	<u>976,604,631</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	-	-	604,364,009	604,364,009	-		-	-	647,544,645	647,544,645	-	
Deposits with licensed commercial banks	-	-	4,056,300,353	4,056,300,353	-		-	-	4,591,535,045	4,591,535,045	-	
Repurchase agreements	-	-	453,047,534	453,047,534	-		-	-	576,350,591	576,350,591	-	
Finance lease, Hire purchase and other loans	-	-	26,226,010,573	26,226,010,573	-		-	-	27,226,376,233	27,226,376,233	-	
Other advances	-	-	386,978,438	386,978,438	-		-	-	335,983,655	335,983,655	-	
Treasury bonds	-	-	-	-	-		-	-	196,250,503	196,250,503	197,353,668	Level 1
Treasury bills	-	-	1,002,334,460	1,002,334,460	994,160,163	Level 1	-	-	1,017,212,400	1,017,212,400	1,013,452,051	Level 1
	<u>-</u>	<u>-</u>	<u>32,729,035,367</u>	<u>32,729,035,367</u>	<u>994,160,163</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	-	-	6,056,373,890	6,056,373,890	-		-	-	7,143,545,886	7,143,545,886	-	
Term deposits from customers	-	-	10,861,171,765	10,861,171,765	11,135,048,386	Level 3	-	-	10,929,950,058	10,929,950,058	11,129,346,327	Level 3
Savings deposits from customers	-	-	1,002,735,790	1,002,735,790	-		-	-	558,617,587	558,617,587	-	
Borrowings	-	-	8,411,629,505	8,411,629,505	-		-	-	9,792,389,529	9,792,389,529	-	
Subordinated debentures	-	-	1,768,746,953	1,768,746,953	2,065,214,137	Level 3	-	-	1,768,323,395	1,768,323,395	2,148,803,253	Level 3
	<u>-</u>	<u>-</u>	<u>28,100,657,903</u>	<u>28,100,657,903</u>	<u>13,200,262,523</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 September	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	2,414,802,735	2,293,981,401	114,476,146	98,178,203	141,072,735	121,565,973	155,501,651	169,578,561	229,099	560,381	133,910	181,113	-	-	2,826,216,276	2,684,045,632
Trading	-	-	-	-	-	-	27,580,389	35,142,630	-	-	1,683,129	738,834	4,760	4,525	29,268,278	35,885,989
Commissions	-	-	-	-	-	-	-	-	55,979,143	71,075,458	34,422,322	21,183,209	20,442	75,048	90,421,907	92,333,715
Rent	-	-	-	-	-	-	13,998,305	7,868,667	-	-	-	-	-	-	13,998,305	7,868,667
Dividends	-	-	-	-	-	-	1,639,089	2,321,863	-	-	-	-	-	-	1,639,089	2,321,863
Other income	5,854,057	3,550,591	-	-	-	-	430,306	7,784,542	-	-	-	-	-	-	47,304,906	46,415,126
Total revenue	2,420,656,792	2,297,531,992	114,476,146	98,178,203	141,072,735	121,565,973	199,149,740	222,696,263	56,208,242	71,635,839	36,239,361	22,103,156	41,045,745	35,159,566	3,008,848,761	2,868,870,992
Profit before tax																161,553,573
Taxation																293,109,361
Profit after tax																12,613,086
Segment Assets	23,540,893,751	26,685,472,345	1,268,657,523	1,097,557,276	1,803,327,737	1,597,552,063	8,145,170,344	10,033,816,842	41,612,514	25,675,681	97,396,959	43,372,368	1,133,800,641	1,398,412,064	36,030,859,469	40,881,858,639
Segment Liabilities	24,642,328,435	29,126,002,821	1,165,369,166	1,246,539,582	1,436,122,907	1,543,487,175	2,027,347,833	2,834,623,524	21,473,257	8,602,262	21,401,157	3,718,064	418,526,035	491,548,903	29,732,568,790	35,254,522,331
Information on Cash flows																
Operating activities	1,450,949,035	(749,321,697)	121,698,059	(42,722,413)	32,127,603	(94,961,117)	1,065,646,281	(5,685,967,717)	14,253,096	18,321,086	12,021,278	11,945,437	(95,504,198)	(249,988,327)	2,601,191,154	(6,792,694,748)
Investing activities	-	-	-	-	-	-	(371,352,961)	(77,149,864)	-	-	-	-	-	-	(371,352,961)	(77,149,864)
Capital expenditure	(14,069,236)	(42,253,408)	(758,214)	(1,737,857)	(1,077,760)	(2,529,542)	(4,867,968)	(15,887,407)	-	-	(6,578,020)	(744,760)	(677,617)	(2,214,137)	(28,028,815)	(65,367,111)
Financing activities	-	-	-	-	-	-	-	-	-	-	-	-	(2,536,096,965)	6,870,451,819	(2,536,096,965)	6,870,451,819
Net cash flow	1,436,879,799	(791,575,105)	120,939,845	(44,460,270)	31,049,843	(97,490,659)	689,425,352	(5,779,004,988)	14,253,096	18,321,086	5,443,258	11,200,677	(2,632,278,780)	6,618,249,355	(334,287,587)	(64,759,904)
Depreciation and amortisation	(175,121,451)	(183,535,121)	(9,437,583)	(7,548,688)	(13,415,012)	(10,987,511)	(2,114,373)	(2,114,374)	(628,969)	(628,351)	(3,858,457)	(53,983)	(8,434,379)	(9,617,492)	(213,010,224)	(214,485,520)
Impairment charges and other credit losses	(638,097,202)	(49,968,744)	(20,309)	496,583	(28,173,654)	(35,411,861)	-	-	-	-	-	-	10,194	56,617	(666,280,971)	(84,827,405)

Selected performance indicators

<i>As at 30th September</i>	2021	2020
Regulatory Capital Adequacy		
Core Capital - Tier 1 (Rs. '000)	6,234,696	4,784,709
Total Capital Base - Tier 1 and 2 (Rs. '000)	7,252,571	6,562,494
Core Capital Adequacy Ratio, (Minimum requirement 2021-7.0%, 2020-6.5%)	18.01%	12.73%
Total Capital Adequacy Ratio, (Minimum requirement 2021-11.0%, 2020-10.5%)	20.95%	17.46%
Capital funds to Deposit Liabilities Ratio, (Minimum requirement 10%)	60.88%	60.99%
<i>Computed as per Finance Companies Act (Capital Adequacy Requirements) Direction No. 03 of 2018</i>		
Quality of Loan Portfolio		
Gross Non-Performing Loans (Rs. '000)	2,211,238	1,629,002
Gross Non-Performing Loans Ratio	7.77%	5.45%
Net Non-Performing Loans Ratio	1.68%	1.15%
Net Non-Performing Loans to Core Capital Ratio	7.65%	7.16%
Provision Coverage Ratio	78.43%	79.06%
Profitability		
Net Interest Margin	8.92%	6.23%
Return on Assets (before Tax)	1.21%	1.54%
Return on Equity (after Tax)	3.45%	10.35%
Cost to Income Ratio	46.97%	69.06%
Liquidity		
Required minimum amount of Liquid Assets (Rs. '000)	1,626,346	816,092
Available amount of Liquid Assets (Rs. '000)	1,737,044	3,254,647
Available Liquid Assets to Required Liquid Assets	106.81%	398.81%
Liquid Assets to External Funds	6.17%	9.65%
Required minimum amount of Government Securities (Rs. '000)	966,183	707,062
Available amount of Government Securities (Rs. '000)	1,367,139	1,875,755
<i>Computed as per CBSL guidelines</i>		
Debt		
Debt-to-Equity ratio (times)	2.56	4.03
Interest cover (times)	1.10	1.16
Memorandum information		
Number of employees	805	807
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 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.
- 3 All known expenses have been provided for in these financial statements.
- 4 The Board of Directors has declared following dividend payment.

Year	Dividend	Dividend per share Rs.	Total amount paid Rs.	Date of payment
2020/21	Final dividend	1.16	90,076,147	22-Sep-21

5 Rights issue information

- 5.1 The Company made a rights issue of one (01) new ordinary 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 November 12, 2021

Objective number	Objective as per Circular	Amount allocated as per Circular Rs.	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	Maintain a higher capital adequacy	362.38 Mn	30-Apr-21	362.38 Mn	100	362.38 Mn	100	N/A
2	Increase the loan book of the Company	362.38 Mn	One month from receipt (i.e. 29-May-2021)	362.38 Mn	100	362.38 Mn	100	N/A

- 5.2 The Board of Directors proposed and approval was obtained in principle from the Colombo Stock Exchange and the Central Bank of Sri Lanka to issue and list 8,627,983 shares at an issue price of Rs.55/- per share to raise Rs. 474.5 Mn by way of a Rights issue. The resolution pertaining to the issue was duly adopted by the Shareholders at an EGM held on 27th October 2021.

6 Debenture Information

6.1 Debenture issue -August 2019

Utilisation of funds raised via capital market Debenture issue as at November 12, 2021

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

Notes to the financial statements (continued)

6.2 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%	12.39%	11.29%	103.93	103.94	103.93

6.3 Interest rate of comparable government securities

As at	30.09.2021	30.09.2020
5 year Treasury bonds	9.40%	6.70%

7 Share information

7.1 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	30.09.2021
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	1,246,961
6. Mrs. L. Fernando & Mr. A. R. Fernando	1,246,961
7. Mrs. L. Fernando & Ms. A.L. Fernando	1,246,961
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

7.2 Key Management Shareholdings

The number of shares held by the Key Management Personnel.

As at	30.09.2021
1. Mr. P.P.K. Ikiriwatte	16,977
2. Mr. J.K. Jayatileke	16,963

7.3 Stated Capital

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

As at	30.09.2021	31.03.2021
Ordinary shares	77,651,851	72,475,061

Notes to the financial statements (continued)

7.4 The 20 largest shareholders of the Company as at September 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	

7.5 The float adjusted market capitalisation and public holding

As at	30.09.2021	30.09.2020	Minimum Requirement
The float adjusted market capitalisation	1,783,611,251	1,042,884,032	Rs. 1 Bn
Public holding percentage	20.99%	15.64%	7.5%
Number of public shareholders	9	8	200

7.6 Information on Ratios and Share Prices

As at	30.09.2021	30.09.2020
Dividend per share (Rs.)	1.16	Nil
Net Assets per share (Rs.)	81.59	78.58
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)

8 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 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.

9 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 31st 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 concessions 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 September 2020 have 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 for as a variable lease payment in the comparatives shown herein.

10 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 other than the disclosures above.