

LANKA CREDIT AND BUSINESS FINANCE LIMITED

INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 30TH JUNE 2021



LANKA CREDIT AND BUSINESS FINANCE LIMITED
INCOME STATEMENT

Interim Financial Statements for the period ended 30 June 2021

FOR THE 3 MONTH ENDED

Unaudited

	30.06.2021 Rs.	30.06.2020 Rs.	Change %
Income	133,422,971	93,881,434	42%
Interest Income	128,307,884	87,533,977	47%
Less: Interest expenses	(21,656,831)	(17,732,579)	22%
Net interest income	106,651,053	69,801,397	53%
Fee and commission income	5,108,776	6,327,957	-19%
Less: Fee and commission expenses	-	-	0%
Net fee and commission income	5,108,776	6,327,957	-19%
Net Other Operating Income/(Expense)	6,310	19,500	-68%
Total Operating Profit	111,766,139	76,148,855	47%
Impairment(Charge)/Reversal on Loan and Receivables	(18,118,369)	(14,634,777)	24%
Net Operating Income	93,647,770	61,514,078	52%
Less : Operating Expenses			
Personnel Costs	(25,163,043)	(18,601,213)	35%
Depreciation and Amortization	(11,199,377)	(5,969,697)	88%
Other Operating expenses	(19,600,160)	(11,893,548)	65%
	(55,962,580)	(36,464,457)	53%
Operating Profit before Tax on Financial Services	37,685,190	25,049,622	50%
Taxes on Financial Services	(6,202,339)	(6,351,875)	-2%
Profit before tax	31,482,851	18,697,746	68%
Less: Income tax (expense)/Reversal	(7,555,884.33)	(5,235,369)	
Profit for the Year	23,926,967	13,462,377	78%
Other comprehensive income/ (expenses)			
Other comprehensive income that will not to be reclassified to profit or loss:			
Actuarial gain/(loss) on defined benefit plan	-	-	
Deferred tax effect on actuarial gain/(loss)	-	-	
Total comprehensive income for the year, net of tax	23,926,967	13,462,377	78%
Basic earnings per share (Rs.)	0.05	0.00	

LANKA CREDIT AND BUSINESS FINANCE LIMITED

STATEMENT OF FINANCIAL POSITION

Interim Financial Statements for the period ended 30 June 2021

	Unaudited 30.06.2021 Rs.	Audited 31.03.2021 Rs.
Assets		
Cash and Cash Equivalent	176,417,899	218,507,168
Financial Investment at amortised Cost	575,572,140	662,295,154
Financial assets at amortised Cost - Loans and Receivables	1,976,895,336	1,969,102,470
Financial assets at amortised Cost - Lease rentals receivables and Hire Purchases	308,611,376	336,747,406
Other Financial Assets	8,980,492	7,763,678
Financial Assets Measured at Fair value through Profit or Loss	193,929,629	100,463,534
Financial Investment at Fair value through Other Comprehensive Income	315,813	315,813
Other Non Financial Assets	38,892,550	37,862,474
Investment Property	-	-
Property, Plant and Equipment	35,382,378	39,025,049
Right of Use Assets	48,920,404	52,982,570
Intangible Assets	40,756,523	42,186,213
Deferred Tax Asset	198,073,607	205,629,491
Total Assets	3,602,748,147	3,672,881,020
Liabilities		
Financial Liabilities at amortised Cost - Due to Banks	507,474,237	518,414,541
Financial Liabilities at amortised Cost - Due to customers	779,802,838	831,583,929
Other Financial Liabilities	170,378,433	175,135,322
Other Non Financial Liabilities	9,917,157	36,498,714
Retirement Benefits Liabilities	4,310,160	4,310,160
Total Liabilities	1,471,882,825	1,565,942,666
Equity		
Stated Capital	2,039,133,400	2,039,133,400
Reserves	41,070,102	41,070,101
Retained Earnings	50,661,820	26,734,853
Total Equity	2,130,865,322	2,106,938,354
Total Equity and Liabilities	3,602,748,147	3,672,881,020
Net Asset Per Share	3.20	3.17

These Financial Statements are in compliance with the requirements of the Companies Act No.07 of 2007.

sgd
Kelum Wannige
AGM Finance/CFO

The board of directors is responsible for these Financial Statements. Signed for and on behalf of the board by:

sgd
K G Leelanada
Director

sgd
W M A Bandara
Director

25 August 2021
Colombo

LANKA CREDIT AND BUSINESS FINANCE LIMITED

STATEMENT OF CHANGES OF EQUITY

Interim Financial Statements for the period ended 30 June 2021

	Stated Capital Rs. '000 (Note 37)	Retained Earnings Rs. '000 (Note 39)	Statutory Reserve Rs. '000 (Note 38)	Total Equity Rs. '000
Balance as at 01 April 2020 (Audited)	3,231,604,341	(1,788,052,934)	39,819,924	1,483,371,331
Net Profit / (loss) for the Year	-	13,462,377		13,462,377
Other Comprehensive Income Net of Tax	-			
Total Comprehensive Income for the Year, Net of Tax	-	13,462,377	-	13,462,377
Transactions with Owners, Recognised Directly in Equity, Contributions and Distributions to Owners				
Shares issue during the period	-	-	-	-
Total Transactions with Equity Holders	-	-	-	-
Balance as at 30 June 2020	3,231,604,341	(1,774,590,556)	39,819,924	1,496,833,708
Balance as at 01 April 2021 (Audited)	2,039,133,400	26,734,853	41,070,102	2,106,938,355
Net Profit / (loss) for the Year	-	23,926,967	-	23,926,967
Other Comprehensive Income Net of Tax	-	-	-	-
Total Comprehensive Income for the Year, Net of Tax	-	23,926,967	-	23,926,967
Transactions with Owners, Recognised Directly in Equity, Contributions and Distributions to Owners				
Shares issue during the period	-	-	-	-
Total Transactions with Equity Holders	-	-	-	-
Balance as at 30 June 2021	2,039,133,400	50,661,820	41,070,102	2,130,865,322

LANKA CREDIT AND BUSINESS FINANCE LIMITED

STATEMENT OF CASH FLOWS

Interim Financial Statements for the period ended 30 June 2021

	Unaudited	
	30.06.2021	30.06.2020
	Rs.	Rs.
Cash Flows Used in Operating Activities		
Profit before tax from continuing operations	31,482,851	18,697,746
Adjustments for		
Depreciation and Amortization	11,199,377	38,760,476
Loss/(Profit)on Disposal of Property, Plant and Equipment	-	-
Provision/(Reversal) for Defined Benefit Plans	-	-
Loss/(Profit)on sale of Investment Property	-	-
Impairment release/(Charges) for loan and receivables	18,118,369	14,634,777
Impairment release/(Charges) for Cash & Bank Balances	(3,757)	-
Write off balances	-	-
Operating Profit before Working Capital Changes	60,796,840	72,093,000
Working Capital Adjustments		
(Increase) / Decrease Hire Purchase Receivable	(20,664,374)	(25,684,682)
(Increase) / Decrease Loan Receivables	22,887,968	(308,695,905)
(Increase) / Decrease Other Financial assets	(1,216,813)	(1,990,339)
(Increase) / Decrease Other Non Financial assets	(1,030,075)	(1,075,075)
Increase / (Decrease) in Other Liabilities	(28,530,009)	(28,354,194)
Increase / (Decrease) in Due to Customers	(51,781,092)	142,527,458
Cash Flow from/(used in) Operating Activities	(19,537,555)	(151,179,737)
Gratuity Paid	-	-
Net Cash from Operating Activities	(19,537,555)	(151,179,737)
Cash Flows from / (Used in) Investing Activities		
Acquisition of Property, Plant & Equipment	(2,063,650)	(124,599)
Acquisition of Intangible Assets	-	(2,498,989.19)
Sales/(Acquisition) of Investments	(6,743,082)	123,485,571
Proceeds from Sales of Investment property and PPE	-	-
Net Cash Flows from/(Used in) Investing Activities	(8,806,731)	120,861,982
Cash Flows from (used in) Financing Activities		
Proceeds from Issuance of Share Capital	-	-
Proceeds from Interest Bearing Loans & Borrowings	(49,458,010)	(56,363,179)
Payment of Capital portion of Lease Liabilities	(2,808,435)	(2,567,435)
Net Cash used in Financing Activities	(52,266,445)	(58,930,614)
Net Increase in Cash and Cash Equivalents	(80,610,731)	(89,248,369)
Cash and Cash Equivalents at the beginning of the year	169,923,889	130,952,510
Cash and Cash Equivalents at the end of the year	89,313,158	41,704,141

LANKA CREDIT AND BUSINESS FINANCE LIMITED
SEGMENTAL ANALYSIS

Interim Financial Statements for the period ended 30 June 2021

	Loans		Lease & Hire Purchase		Other		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Income								
Interest Income	97,662,104	61,799,909	16,579,890	11,980,964	14,065,890	13,753,103	128,307,884	87,533,977
Other Income	4,374,522	5,300,387	734,255	1,027,570	6,311	19,500	5,115,087	6,347,457
Total Income	102,036,626	67,100,296	17,314,145	13,008,535	14,072,201	13,772,603	133,422,971	93,881,434
Unallocated Expenses							(101,940,119)	(75,183,688)
Profit / (Loss) Before Tax							31,482,852	18,697,746
Income Tax							(7,555,884.33)	(5,235,368.99)
Net Profit / (Loss) for the period							23,926,968	13,462,377
	30.06.2021	31.03.2021	30.06.2021	31.03.2021	30.06.2021	31.03.2021	30.06.2021	31.03.2021
Segment Assets	1,976,895,336	1,969,102,470	308,611,376	336,747,406	769,817,582	763,074,501	3,055,324,294	3,068,924,376
Unallocated Assets	-	-	-	-	-	-	547,423,854	603,956,643
Total Assets	1,976,895,336	1,969,102,470	308,611,376	336,747,406	769,817,582	763,074,501	3,602,748,148	3,672,881,020
Unallocated Liabilities							1,471,882,825	1,565,942,666
Total Liabilities							1,471,882,825	1,565,942,666

Figures in brackets indicate deductions.

LANKA CREDIT AND BUSINESS FINANCE LIMITED
 FAIR VALUE OF ASSET AND LIABILITIES
 Interim Financial Statements for the period ended 30 June 2021

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy in to which the fair value measurement is categorized.

FINANCIAL ASSETS	30-Jun-21 Rs. Fair value measurement using					31-Mar-21 Rs. Fair value measurement using				
	Carrying value	Level 01	Level 02	Level 03	Total	Carrying value	Level 01	Level 02	Level 03	Total
Financial Assets Measured at Fair value through P&L	193,929,629		193,929,629		193,929,629	100,463,534		100,463,534	-	100,463,534
Financial Investment as Fair Value through OCI	315,813			315,813	315,813	315,813	-	-	315,813	315,813
Financial Investment at amortised Cost	575,572,140		575,572,140		575,572,140	662,295,154	-	662,295,154	-	662,295,154
Financial assets at amortised Cost - Loans and Receivables	1,976,895,336		1,581,422,322		1,581,422,322	1,969,102,470	-	1,575,188,399	-	1,575,188,399
Financial assets at amortised Cost - Lease and HP	308,611,376		264,499,321		264,499,321	336,747,406	-	288,613,665	-	288,613,665
	3,055,324,294	-	2,615,423,412	315,813	2,615,739,225	3,068,924,376	-	2,626,560,752	315,813	2,626,876,565
FINANCIAL LIABILITIES										
Due to Customers	779,802,838		803,196,923			831,583,929	-	856,531,447		856,531,447
	779,802,838	-	803,196,923	315,813	-	831,583,929	-	856,531,447	315,813	856,531,447

The following table lists those financial instruments for which their carrying amounts are a reasonable approximation of fair values because, for example, they are short term in nature or re-priced to current market rates frequently.

	30-Jun-21		31-Mar-21	
	Carrying Amount Rs.	Fair Value Rs.	Carrying Amount Rs.	Fair Value Rs.
Financial Assets				
Cash and Cash Equivalent	176,417,899	176,417,899	218,507,168	218,507,168
Financial Investment at amortised Cost	575,572,140	402,900,498	662,295,154	533,931,081
Other Financial Assets	8,980,492	8,980,492	7,763,678	7,763,678
Total Financial Assets	760,970,532	588,298,890	888,566,000	760,201,928
Financial Liabilities				
Financial Liabilities at amortised Cost - Due to Banks	507,474,237	507,474,237	518,414,541	518,414,541
Other Financial Liabilities	170,378,433	170,378,433	175,135,322	175,135,322
	677,852,670	677,852,670	693,549,863	693,549,863

The management of company believes that the Fair value of the financial assets which matured within 1 year are equal to its amortized cost.

LANKA CREDIT AND BUSINESS FINANCE LIMITED
EXPLANATORY NOTES

Interim Financial Statements for the period ended 30 June 2021

01 Basis of Preparation

The Interim Financial Statements have been prepared in compliance with the requirements of Sri Lanka Accounting Standards - LKAS 34 Interim Financial Reporting.

The Accounting policies followed in preparing the above Interim Financial Statements are the same as those disclosed in our audited financial statements for the financial year ended 31 March 2021.

02 Events after the Reporting Date

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements.

03 Commitments and Contingencies

The City Finance Deposits as at 30 June 2021 and as at 31 March 2021 was Rs. 80.26Mn. In addition to that as at 30 June 2021 the Company has given Letters of Guarantee amounting to Rs.81.6Mn (Rs.58.1Mn as at 31 March 2021).

04 Credit Rating

The Company obtained and improved credit rating of (SL) B+(Stable) from (SL) B (Stable) Assigned by ICRA Lanka Limited.

05 Significant Unusual Events or Transactions affecting Assets, Liabilities, Equity, Net Income or Cash Flows

The Management of the Company in line with its Business Continuity Plan had focussed more towards the continuous safety of its staff members, customer service and the ongoing business operations in compliance with the standards and directions issues by various regulatory authorities.

This outbreak and the related developments had impacted our staff, customers and our business operations because of the travel restrictions and the economic downturn. Despite all these the Company is determined to support its stakeholders impacted by the COVID 19 pandemic staying inline with the directions and guidelines issued by the various governmental institutions. The adverse effects of the pandemic had affected on the earnings and the impairment on Loans and Advances of the Company.

The pandemic is still evolving continuously and the future will depend on the removal of restrictions and the economic recovery to pre- COVID 19 situation in the Country. The Company has enforced aggressive cost controlling both in revenue and capital expenditure to smoothen the business impact. These weren't any other unusual events and transactions affecting the Company's financial performance , position, equity and the cash flows due to the size, nature and incidence of these events for the period ended on 30 June 2021.

06 Shares Held By Directors

	Number of shares	Shareholding %
Professor W.M. Abeyrathne Bandara	NIL	0%
Mr. Kandegoda Gamage Leelananda	NIL	0%
Mr. A.G. Maheen Priyantha	NIL	0%
Mr. Ranjan Lal Masakorala	NIL	0%
Mr. U.K. Harith Ruwan Ranasinghe	NIL	0%
Mr. S.W. Subasinghe	NIL	0%
Mr. Vijitha Lokunarangodaa	NIL	0%
Mr. Gayan Kalahara Nanyakkara	NIL	0%
Mr. Ashwin Welgama Nanayakkara	NIL	0%
Mr. Dushmantha Thotawatte	NIL	0%
Mr. Kapila Indika Weerasinghe	NIL	0%

LANKA CREDIT AND BUSINESS FINANCE LIMITED
EXPLANATORY NOTES

Interim Financial Statements for the period ended 30 June 2021

07 Twenty Largest Shareholders

Shareholder Name	Number of shares	Shareholding %
1 Lanka Credit Business Limited	557,735,501	83.85%
2 Helios Ventures (Private) Limited	44,000,000	6.61%
3 Invest Lanka Investments (Private) Limited	10,000,000	1.50%
4 People's Leasing & Finance PLC	5,000,000	0.75%
5 Mr. Bamunu Arachchige Dayanath Ranjan Dissanayake	4,750,000	0.71%
6 Mr. Angulugaha Gamage Lasath Namal Gamage	2,500,000	0.38%
7 Mr. Lalith Elabada Liyanage	2,500,000	0.38%
8 Aspic Corporation Limited	2,440,228	0.37%
9 Ranasinghe Aratchilage Wijeratne	1,755,000	0.26%
10 Athururigiya South Sanasa	1,250,000	0.19%
11 Mr. C.Weerasinghe	1,250,000	0.19%
12 Mr. K.D.Jayasundara	1,250,000	0.19%
13 Mr. Dangamuwa Nalin Dhammika Kumarasiri	1,250,000	0.19%
14 Mr. Muthuhetti Gamage Shashika Lakshan	1,250,000	0.19%
15 Mr. Don Edward Welikala	1,250,000	0.19%
16 Mr. Liyanage Gamage Nadee Dileep	750,000	0.11%
17 Mr. Agulugaha Gamage Ranjith Kumara	625,000	0.09%
18 Ms. K.I.Dammika	625,000	0.09%
19 Mr. L.G.Indika Pushpa Kumara	375,000	0.06%
20 Mr. P.D.Kamal Asanka Gunawardana	375,000	0.06%
	<hr/>	
	640,930,729	96.36%
Others	24,238,051	3.64%
Total	665,168,780	100%
	<hr/> <hr/>	