

FINTREX FINANCE LTD

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Audited Financial Statements as at 31st March 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 March	2021 Rs'000	2020 Rs'000
Gross Income	1,625,409	1,970,881
Interest Income	1,549,448	1,892,153
Interest Expenses	(510,691)	(772,623)
Net Interest Income	1,038,757	1,119,531
Other Operating Income	75,962	78,728
Total Operating Income	1,114,719	1,198,259
Impairment Charge on Loans and Receivables	(236,407)	(612,166)
Net Operating Income	878,312	586,094
Operating Expenses		
Personnel Expenses	(267,021)	(196,260)
Premises, Equipment and Establishment Expenses	(69,474)	(62,407)
Depreciation and Amortisation Charges	(63,090)	(56,155)
Other Operating Expenses	(142,407)	(178,796)
Operating Profit before Value Added Tax (VAT) on Financial Services	336,320	92,473
VAT on Financial Services	(85,525)	(36,676)
NBT on Financial Services	-	(4,466)
Debt Repayment Levy	-	(21,296)
Profit before Income Tax Expense	250,795	30,035
Income Tax Expense	(56,480)	2,037
Profit for the Year	194,315	32,072
Other Comprehensive Income / (Expense)		
<i>Items that will not be Reclassified to Profit or Loss</i>		
Actuarial Gain / (Loss) on Employee Benefits	(297)	665
Deferred Tax Effect on Employee Benefits	71	(186)
<i>Items that are or may be Reclassified to Profit or Loss</i>		
Fair Value Gain / (Loss) during the Year	1,728	4,916
Other Comprehensive Income / (Expense) for the Year, Net of Tax	1,502	5,395
Total Comprehensive Income for the Year	195,817	37,467
Earnings per Share		
Basic earnings per share	1.10	0.21

SELECTED PERFORMANCE INDICATORS (as per regulatory reporting)

	31.03.2021	31.03.2020
Regulatory Capital Adequacy		
Core Capital (Tier 1 Capital) Rs. '000	2,223,141	2,029,052
Total Capital Base Rs. '000	2,205,188	2,006,656
Tier 1 Capital Ratio (Min 6%)/Core capital Adequacy Ratio (min 10%)	23%	23%
Total Capital Adequacy Ratio, (Min 10%)	23%	23%
Capital funds to deposit Liabilities Ratio (minimum requirement, 10%)	491%	1090%
Assets Quality (Quality of Loan Portfolio)		
Gross Non performing Accommodations, Rs. '000	883,973	1,725,962
Gross Non performing Accommodations Ratio %	9.80%	21.26%
Net Non performing Accommodations Ratio %	3.04%	10.25%
Profitability		
Net Interest Margin	11.9%	13.7%
Return on Assets (before tax)	3.0%	0.5%
Return on Equity (after tax)	9.2%	2.1%
Regulatory Liquidity (Rs. '000)		
Required minimum amount of liquid assets	59,101	117,750
Available amount of liquid assets	304,781	259,719
Required minimum amount of Government securities	69,732	104,618
Available amount of Government securities	138,248	244,664
Memorandum information		
Number of employees	246	218
Number of branches	11	10
Number of service centers	0	1

STATEMENT OF FINANCIAL POSITION

As at 31st March	2021 Rs'000	2020 Rs'000
ASSETS		
Cash and cash equivalents	166,533	15,054
Financial investments at amortised cost	181,659	277,395
Financial assets measured at fair value through other comprehensive income	56,920	55,192
Finance lease receivables	5,019,492	6,231,820
Hire purchase receivables	109	637
Loans and advances to other customers	3,347,000	965,252
Factoring receivables	2,822	4,019
Other receivables	45,502	34,011
Tax receivables	7	36,164
Investment property	6,800	6,800
Right of use asset	61,905	67,055
Intangible assets	17,953	22,396
Property, plant and equipment	38,710	56,634
Total Assets	8,945,412	7,772,428
LIABILITIES		
Bank overdrafts	125,464	515,678
Financial liabilities at amortised cost due to customers	455,374	187,012
Interest bearing loans and borrowings	5,705,517	4,756,931
Lease liability	64,898	69,865
Liabilities of FBIL customers	962	962
Current tax liabilities	48,390	-
Trade and other payables	278,916	146,646
Employee benefits	11,905	9,028
Deferred tax liabilities	19,358	47,496
Total Liabilities	6,710,784	5,733,618
EQUITY		
Stated capital	1,769,560	1,769,560
Statutory reserve fund	37,590	27,885
Fair value through other comprehensive income reserve	8,587	6,859
Retained earnings	418,892	234,507
Total Equity	2,234,628	2,038,810
Total Liabilities and Equity	8,945,412	7,772,428
Contingent Liabilities and Commitments	241,793	25,148
Net Assets per Share (Rs.)	12.63	13.42

We certify that the Financial Statements are prepared and presented in Compliance with the requirements of the Companies Act No.7 of 2007.

(Sgd.)
D.J. Withanachchi
Chief Financial Officer

(Sgd.)
Jayathilake Bandara
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 of Directors;

(Sgd.)
A.D.Gunewardene
Chairman

(Sgd.)
K.D. Bernard
Director

Colombo,
18 June 2021



KPMG
(Chartered Accountants)
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FINTREX FINANCE LIMITED Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Fintrex Finance Limited, ("the Company"), which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion
We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information
Management is responsible for the other information. These financial statements do not include the other information.

Our opinion on the financial statements do not cover the other information and we do not express any form of assurance conclusion thereon.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

(Sgd.)
KPMG
CHARTERED ACCOUNTANTS
Colombo, Sri Lanka
18 June 2021

M.R. Mihular FCA
T.S. Rajakumar FCA
Ms. S.M.B. Jayasekera FCA
G.A.U. Karunaratne FCA
R.I. Rajan FCA
R.M.P. Abeykoon ACA

P.V.S. Perera FCA
W.W.J.C. Perera FCA
W.K.D.C. Abeyaratne FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shamsel FCA

C.P. Jayathilake FCA
Ms. S. Joseph FCA
S.T.D.L. Perera FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. G.T.A.N. Perera ACA

Principals - S.R.I. Perera FCMA(UK), I.I.R. Athanayake ACA, H.S. Gunewardene ACA, Ms. P.M.K.Sumanasekera FCA

KPMG, a Sri Lankan partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

