



UNAUDITED INTERIM FINANCIAL REPORT

FOR QUARTERLY ENDED
31 DECEMBER

2022



SICOM FINANCIAL SERVICES LTD
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED
31 December 2022

SICOM Financial Services Ltd (the **Company**) has the pleasure to submit its Unaudited Interim Financial Report for the quarter ended 31 December 2022 (the **report**), as required under the Banking Act 2004.

This explanatory note, together with the accompanying report, have been prepared in accordance with the International Financial Reporting Standards and the requirements of the Guideline on Public Disclosure of Information.

Principal activities

The Company is engaged in depository, leasing and personal loan business activities. The Company also manages SICOM General Fund and SICOM Overseas Diversified Fund, which are constituted under the SICOM Unit Trust.

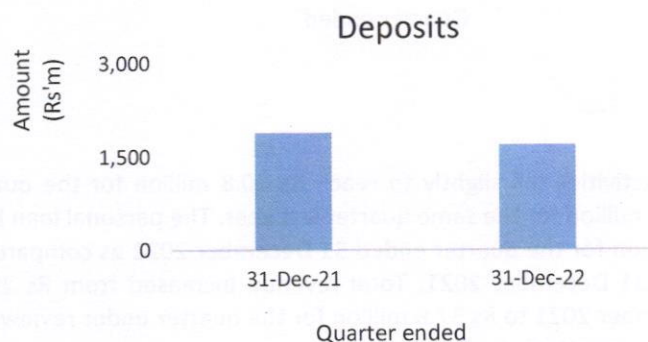
Accounting policies

The principal accounting policies and methods of computation adopted in the preparation of the report are the same as those used for the audited accounts for the financial year ended 30 June 2022.

Financial review

Deposits

Total deposits stood at Rs 1.7 billion as at 31 December 2022 as compared to Rs 1.9 billion as at 31 December 2021, as the Company's deposit base was impacted by the increase in interest rates on the market.



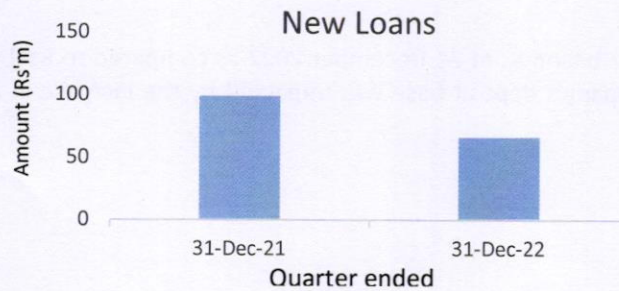
Leases

The amount of lease approved stood at Rs 66.8 million for the quarter ended 31 December 2022 while for the same quarter last year an amount of Rs 42.5 million was approved as new leases, on the back of numerous sales and marketing initiatives to boost the lease business.



Personal Loans

The amount of new loans disbursed for the quarter ended 31 December 2022 amounted to Rs 65.7 million compared to Rs 98.5 million disbursed for the same quarter last year. The increase in interest rates has negatively impacted this line of business for the period under review.



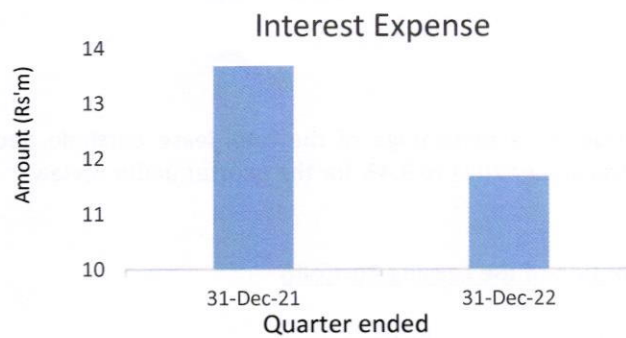
Revenue

Revenue from leasing activities fell slightly to reach Rs 10.8 million for the quarter under review while it stood at Rs 11.3 million for the same quarter last year. The personal loan business brought in a revenue of Rs 7.9 million for the quarter ended 31 December 2022 as compared to Rs 6.4 million for the quarter ended 31 December 2021. Total revenue increased from Rs 29.1 million for the quarter ended 31 December 2021 to Rs 37.8 million for the quarter under review, mainly due to the gain on the disposal of an investment.



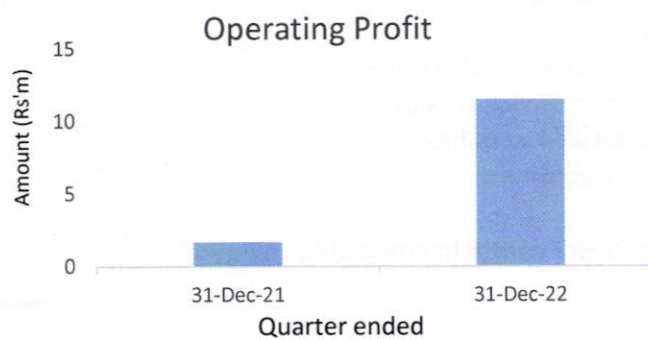
Interest expense

Interest paid to depositors fell from Rs 13.7 million for the quarter ended 31 December 2021 to Rs 11.7 million for the quarter under review.



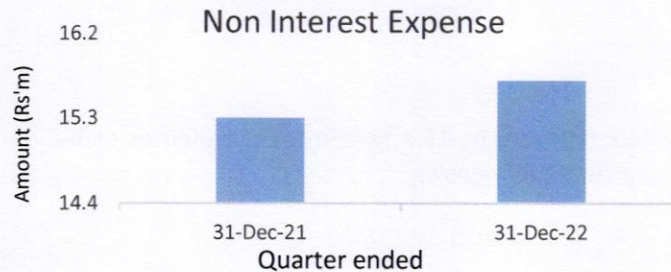
Operating profit

Operating profit reached Rs 11.5 million for the quarter ended 31 December 2022 as compared to Rs 1.7 million recorded for the quarter ended 31 December 2021. The increase in profitability was mainly due to an increase in interest income and a fall in interest expense for the period under review as compared to last year.



Cost Control

Non-interest expenses increased slightly from Rs 15.3 million for the quarter ended 31 December 2021 to Rs 15.7 million for the quarter under review.



Credit quality

Non-performing leases as a percentage of the total lease portfolio decreased from 5.9% for the quarter ended 31 December 2021 to 3.4% for the quarter under review.

Sector Wise distribution of the Leasing Portfolio

Sector	Amount (Rs)
A - Agriculture, forestry and fishing	5,272,724
B - Mining and quarrying	-
C - Manufacturing	11,586,686
D - Electricity, gas, steam and air conditioning supply	1,863,054
E - Water supply; sewerage, waste management and remediation activities	468,708
F - Construction	26,085,709
G - Wholesale and retail trade; and repair of motor vehicles and motorcycles	78,392,902
H - Transportation and storage	8,664,178
I - Accommodation and food service activities	1,470,255
J - Information and communication	7,857,638
L - Real estate activities	9,768,307
M - Professional, scientific and technical activities	19,156,431
N - Administrative and support service activities	40,313,912
Q - Human health and social work activities	8,681,690
R - Arts, entertainment and recreation	1,241,621
S - Other service activities	6,508,211
Financial Auxilliaries and Other Financial Intermediaries	5,494,144
Households individuals	502,264,216
	735,090,386

Risk management policies and controls

The major risks faced by the Company and how these are mitigated have been detailed below:

Risks	How risk is mitigated?
Credit	<ul style="list-style-type: none"> • Underwriting policy and procedures • Credit concentration limits and credit mandates • Regular reviews of lease and loan exposures • Regular reviews of credit policy and other related policies
Liquidity risk	<ul style="list-style-type: none"> • Limits such as liquidity ratio, capital adequacy ratio, depositors' concentration, lease to deposits ratio • Matching of tenors of leases and loans with deposits/liquidity gap • Maintain a high percentage of liquid assets
Interest rate risk	<ul style="list-style-type: none"> • Proper mix in fixed and floating rates of assets and liabilities
Operational risk	<ul style="list-style-type: none"> • Regular internal audits and compliance inspections • Business Continuity Plan in place • Regular training of staff

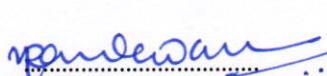
Capital structure

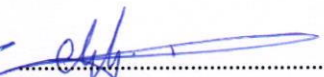
As a non-bank deposit taking institution, the Company is required to:


- Maintain a minimum capital adequacy ratio of 10% which was at 37.6 % for quarter 31 December 2022 and 41.1 % for quarter 31 December 2021
- Maintain liquid assets equivalent to not less than 10% of deposit liabilities and for quarter 31 December 2022, this ratio stood at 43.4 % (quarter 31 December 2021: 58.3%)

Prospects

The main areas of focus of the Company for the financial year ending 30 June 2023 are to continue increasing the sale of its products and services through different sales and marketing initiatives, to develop new products, digitalise its operations, consolidate its arrears management system, improve operational efficiency and enhance its asset/liability management to improve its interest margin.


Mrs N Ramdewar


Mr C Chengabroyan


Mr D Gopy

Group CEO

Director

Director

Date : 15/02/2023 .

SICOM FINANCIAL SERVICES LTD
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	31-Dec-22	30-Jun-22	31-Dec-21
	Rs	Rs	Rs
ASSETS			
Cash and cash equivalents	51,661,491	249,629,110	213,499,992
Investment securities	166,061,046	292,239,673	303,254,739
Term deposits	580,224,324	571,406,336	660,326,983
Loans and advances	677,975,408	569,897,626	505,789,372
Property, plant and equipment	7,932,332	5,544,317	5,692,885
Intangible assets	1,448,537	1,478,549	1,444,982
Net investment in finance leases	729,609,891	697,103,005	714,861,248
Other assets	20,503,266	9,858,265	14,961,814
Assets held for sale	8,750,000	8,750,000	-
Current tax assets	1,081,039	3,289,141	2,267,770
Deferred tax assets	4,325,543	4,481,605	245,845
Rights of use assets	13,003,335	13,739,373	9,074,159
TOTAL ASSETS	2,262,576,212	2,427,417,000	2,431,419,789
EQUITY AND LIABILITIES			
LIABILITIES			
Deposits from customers	1,742,280,916	1,912,824,781	1,924,547,971
Retirement benefit obligations	23,946,000	23,946,000	17,193,000
Dividend	-	8,460,265	-
Other liabilities	9,142,490	5,948,040	7,136,247
Lease liabilities	13,323,977	13,931,569	9,682,694
TOTAL LIABILITIES	1,788,693,383	1,965,110,655	1,958,559,912
EQUITY			
Stated capital	200,000,000	200,000,000	200,000,000
Retained earnings	222,891,579	211,294,095	218,433,274
Other reserves	50,991,250	51,012,250	54,426,603
TOTAL EQUITY	473,882,829	462,306,345	472,859,877
TOTAL EQUITY AND LIABILITIES	2,262,576,212	2,427,417,000	2,431,419,789

SICOM FINANCIAL SERVICES LTD
STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 31 DECEMBER 2022

	Quarter ended 31 Dec 2022 Rs	Quarter ended 31 Dec 2021 Rs	Period ended 31 Dec 2022 Rs	Period ended 31 Dec 2021 Rs	Year ended 30 June 2022 Rs
Interest income using the effective interest methos	27,032,720	17,772,500	44,361,480	33,856,668	66,677,309
Interest income on finance lease receivables	10,791,533	11,336,187	21,485,532	22,850,579	44,429,092
Interest expense	(11,733,171)	(13,681,712)	(23,785,118)	(27,433,175)	(53,878,375)
Net interest income	26,091,082	15,426,975	42,061,894	29,274,072	57,228,026
Operating lease rental income	263,315	508,355	668,630	1,016,720	1,999,073
Fee and commission income	1,212,246	1,393,311	2,463,519	3,592,556	4,468,281
Dividend income	12,900	11,400	12,900	29,400	2,463,130
Other Income	846,373	663,920	1,696,518	1,326,020	4,074,046
Net gain/(loss) arising on financial assets measured at FVTPL	1,566,545	767,214	(837,698)	2,867,213	(8,139,944)
Operating income	29,992,461	18,771,175	46,065,763	38,105,981	62,092,612
Allowance for credit impairment	(1,168,053)	(1,036,441)	(1,569,306)	(2,036,441)	9,598,411
Fair Value loss on asset held for sale	-	-	-	-	(3,888,687)
Personnel expenses	(6,183,049)	(5,659,509)	(10,969,306)	(9,844,167)	(21,382,452)
Other expenses	(9,532,031)	(9,625,693)	(19,142,640)	(19,193,700)	(38,703,190)
Gain/(loss) on disposal of asset held for sale	-	-	-	-	158,923
Profit before taxation	13,109,328	2,449,532	14,384,511	7,031,673	7,875,617
Income tax (expense)/credit	(2,595,749)	(34,164)	(2,787,027)	(721,484)	1,777,636
Profit for the period	10,513,579	2,415,368	11,597,484	6,310,189	9,653,253

SICOM FINANCIAL SERVICES LTD
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2022

	Period ended 31-Dec-22	Year ended 30-Jun-22	Period ended 31-Dec-21
	Rs	Rs	Rs
Profit for the period	11,597,484	9,953,253	6,310,179
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of post employment benefit obligations	-	(6,951,000)	-
Income tax relating to components of other comprehensive income	-	1,181,670	-
Increase in fair value of assets at FVOCI	(21,000)	192,000	159,000
Other comprehensive income for the period, net of tax	(21,000)	(5,577,330)	159,000
Total comprehensive income for the period	11,576,484	4,375,923	3,939,812

SICOM FINANCIAL SERVICES LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2022

	Stated capital	Retained earnings	Other reserves			General Banking reserve	Total
			Statutory reserves	Investment revaluation	Actuarial losses		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At 1 July 2022	200,000,000	211,294,095	61,085,220	(168,000)	(16,477,619)	6,572,649	462,306,345
Profit for period	-	11,597,484	-	-	-	-	11,597,484
Other comprehensive income	-	-	-	(21,000)	-	-	(21,000)
At 31 December 2022	200,000,000	222,891,579	61,085,220	(189,000)	(16,477,619)	6,572,649	473,882,829