

SICOM FINANCIAL SERVICES LTD
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED
31 December 2024

SICOM Financial Services Ltd (the **Company**) has the pleasure to submit its Unaudited Interim Financial Report for the quarter ended 31 December 2024 (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.

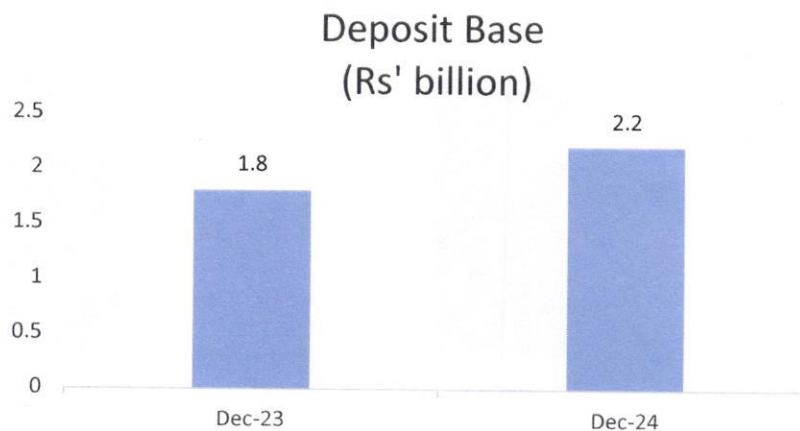
Accounting policies

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 2024.

Financial review

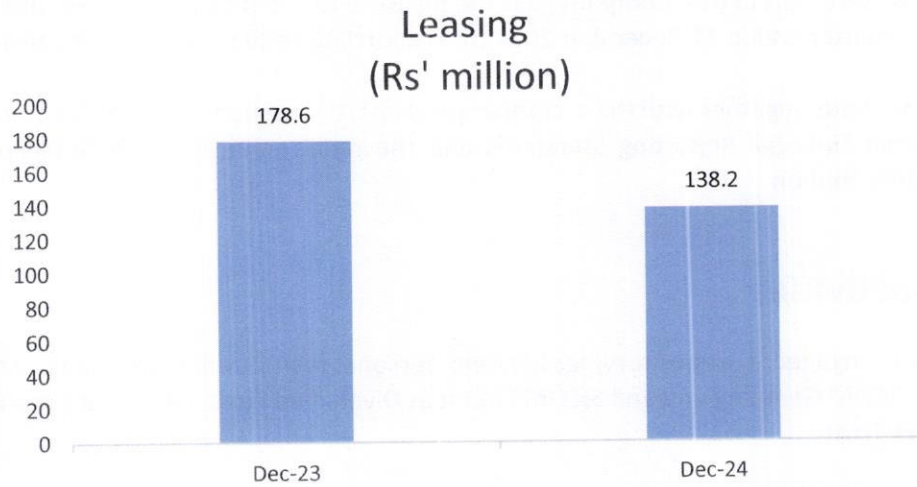
Deposits

Total deposits increased from Rs 1.8 billion as at 31 December 2023 to Rs 2.2 billion as at 31 December 2024.



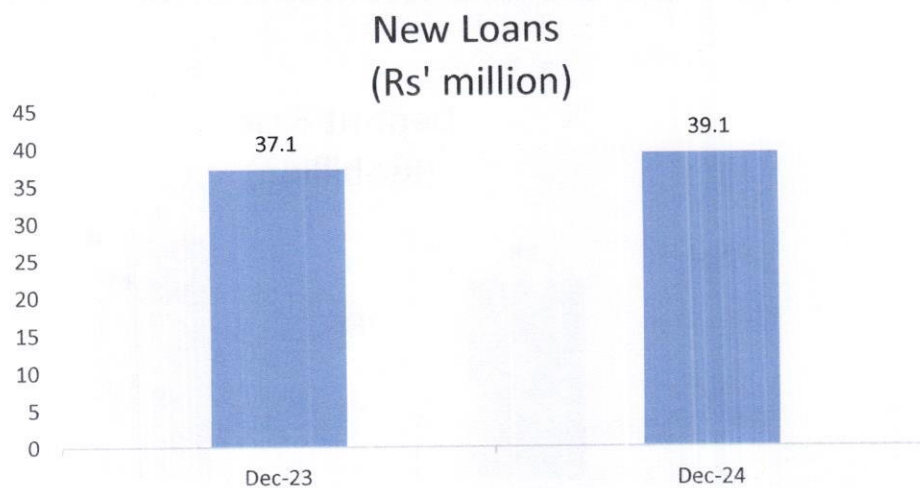
Leases

The amount of lease approved reached Rs 138.2 million for the quarter ended 31 December 2024 while for the same quarter last year an amount of Rs 178.6 million was approved as new leases, given increased market competition and pricing pressure.



Personal Loans

The amount of new loans approved for the quarter ended 31 December 2024 improved to Rs 39.1 million compared to Rs 37.1 million disbursed for the same quarter last year.



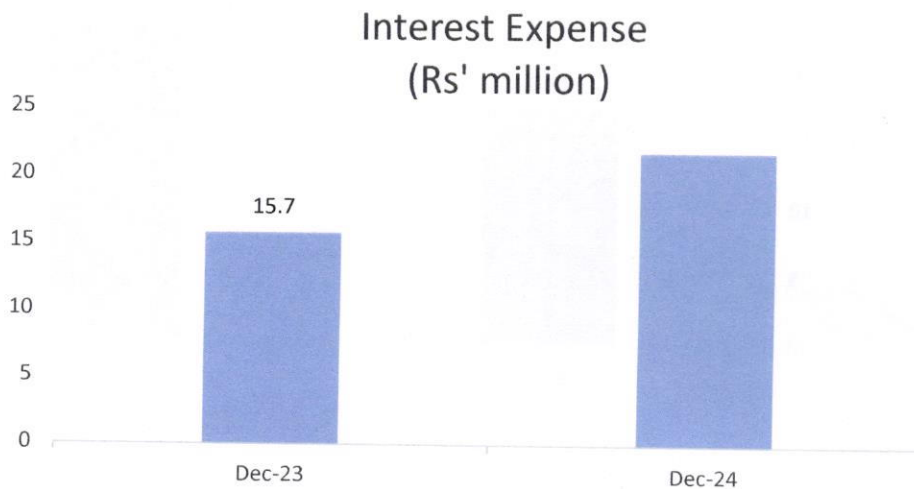
Revenue

Revenue from leasing activities increased to reach Rs 17.9 million for the quarter under review while it stood at Rs 13.8 million for the same quarter last year. The personal loan business brought in a revenue of Rs 12.0 million for the quarter ended 31 December 2024 as compared to Rs 11.6 million for the quarter ended 31 December 2023. Total revenue increased from Rs 40.8 million for the quarter ended 31 December 2023 to Rs 48.3 million for the quarter under review on the back of the good performance of the lease segment.



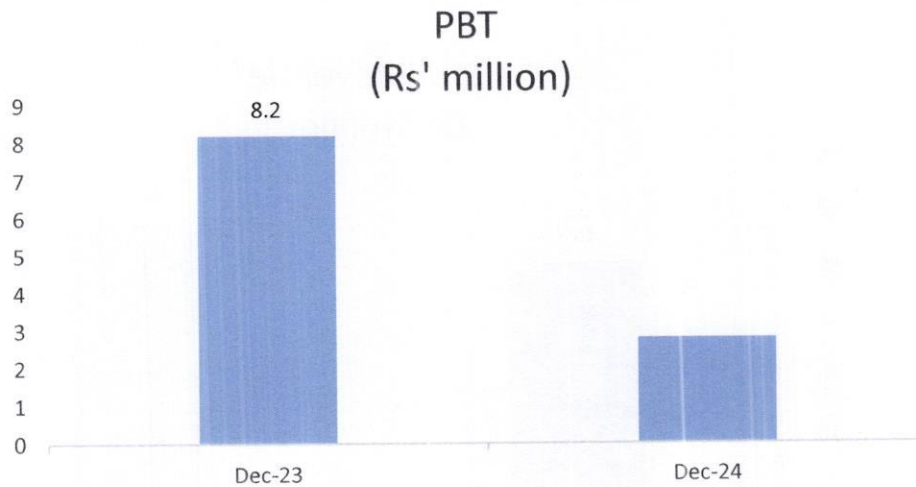
Interest expense

Interest paid to depositors increased from Rs 15.7 million for the quarter ended 31 December 2023 to Rs 21.6 million for the quarter under review due to new deposits mobilised bearing higher interest rates.



Profit Before Tax

Profit before tax reached Rs 2.8 million for the quarter ended 31 December 2024 as compared to Rs 8.2 million recorded for the quarter ended 31 December 2023 due to higher interest expense. However, for the half year ended 31 December 2024, profit before tax reached Rs 11.7 million which is nearly in line with the profit for the half year ended 31 December 2023.



Cost Control

Non-interest expenses increased from Rs 17.4 million for the quarter ended 31 December 2023 to reach Rs 23.5 million for the quarter under review mainly due to the increase in the operating lease portfolio which led to a higher depreciation charge.



Credit quality

Non-performing leases as a percentage of the total lease portfolio improved from 3.8% for the quarter ended 31 December 2023 to 2.6% for the quarter under review following a tight monitoring to recover arrears.

Sector Wise distribution of the Leasing Portfolio

	Dec-24
A - Agriculture, forestry and fishing	4,272,920
C - Manufacturing	37,114,933
D - Electricity, gas, steam and air conditioning supply	4,268,948
E - Water supply; sewerage, waste management and remediation activities	212,144
F - Construction	63,396,999
G - Wholesale and retail trade; and repair of motor vehicles and motorcycles	141,063,547
H - Transportation and storage	16,921,060
I - Accommodation and food service activities	14,417,258
J - Information and communication	14,853,048
L - Real estate activities	10,661,322
M - Professional, scientific and technical activities	40,934,610
N - Administrative and support service activities	71,719,318
P - Education	2,503,867
Q - Human health and social work activities	9,246,223
R - Arts, entertainment and recreation	1,020,023
S - Other service activities	8,520,835
Financial Auxilliaries and Other Financial Intermediaries	6,836,762
Households	672,690,374
	<u>1,120,654,192</u>

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

Risk management policies and controls (cont')



Operational risk	<ul style="list-style-type: none">• Regular internal audits and compliance inspections• Business Continuity Plan in place• Regular training of staff
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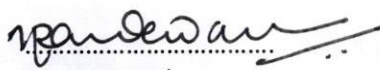
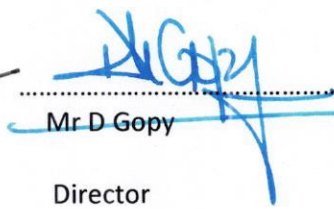
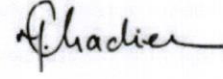
Capital structure

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

- Maintain a minimum capital adequacy ratio of 10% which was at 25.0% for quarter 31 December 2024 and 33.4 % for quarter 31 December 2023.
- Maintain liquid assets equivalent to not less than 10% of deposit liabilities and for quarter 31 December 2024, this ratio stood at 29.7% (quarter 31 December 2023: 29.5%)

Prospects

The main areas of focus of the Company for the financial year ending 30 June 2025 are to continue increasing the sale of its products and services through different sales and marketing initiatives, to further 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 D Gopy Mr M Chadien
Group CEO	Director	Senior Executive Officer

Date : 14-FEB-2025

SICOM FINANCIAL SERVICES LTD
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	31-Dec-24	30-Jun-24	31-Dec-23
	Rs.	Rs.	Rs.
ASSETS			
Cash and cash equivalents	170,006,247	98,156,521	64,026,145
Investment securities	182,203,280	176,758,621	172,342,149
Deposits with financial institutions	347,684,234	339,744,629	332,037,595
Loans and advances to customers	680,353,962	704,067,065	711,482,338
Asset held for sale	-	-	6,135,000
Equipment	154,886,061	136,971,891	74,590,354
Intangible assets	794,800	974,593	1,227,394
Net investment in finance leases	1,120,654,192	1,022,262,638	899,326,682
Other assets	58,956,707	46,735,457	32,603,185
Current tax asset	-	2,183,108	-
Deferred tax assets	792,464	792,464	3,646,374
Rights of use assets	11,371,693	10,795,221	11,531,259
TOTAL ASSETS	2,727,703,640	2,539,442,208	2,308,948,475
EQUITY AND LIABILITIES			
LIABILITIES			
Deposits from customers	2,156,379,130	1,991,934,932	1,758,114,769
Retirement benefit obligations	27,018,000	27,018,000	27,512,000
Dividend payable	21,868,264	21,868,264	-
Current tax liabilities	716,569	-	297,021
Other liabilities	30,246,556	18,730,505	36,925,559
Lease liabilities	12,854,221	11,417,139	12,067,079
TOTAL LIABILITIES	2,249,082,740	2,070,968,840	1,834,916,428
EQUITY			
Stated capital	200,000,000	200,000,000	200,000,000
Retained earnings	190,055,433	180,086,401	221,489,888
Other reserves	88,565,467	88,386,967	52,542,159
TOTAL EQUITY	478,620,900	468,473,368	474,032,047
TOTAL EQUITY AND LIABILITIES	2,727,703,640	2,539,442,208	2,308,948,475

SICOM FINANCIAL SERVICES LTD
STATEMENT OF PROFIT OR LOSS
AS AT 31 DECEMBER 2024

	Quarter ended 31-Dec-24	Quarter ended 31-Dec-23	Period ended 31-Dec-24 Rs	Year ended 30-Jun-24 Rs	Period ended 31-Dec-23 Rs
Interest income using EIR	17,545,792	17,537,257	35,105,195	69,228,002	34,806,081
Interest income on leases	17,928,552	13,838,047	35,095,202	56,435,023	26,127,200
Interest expense	(21,622,169)	(15,663,552)	(41,528,512)	(65,166,393)	(29,536,127)
Net interest income	13,852,175	15,711,752	28,671,885	60,496,632	31,397,154
Operating lease rental income	8,497,696	4,355,703	16,358,283	20,130,471	6,559,721
Fee and commission income	1,854,252	1,983,395	4,112,553	7,783,653	4,342,744
Dividend income	15,000	-	41,700	2,781,856	24,300
Other Income	960,728	1,532,598	2,193,021	5,084,937	2,755,864
Net gain arising on financial instruments measured at fair value	1,504,417	1,539,039	3,027,107	5,488,706	917,629
Operating income	26,684,268	25,122,487	54,404,549	101,766,255	45,997,412
Allowance for credit impairment	(347,694)	485,711	(947,694)	(1,048,681)	(932,178)
Fair value loss on repossessed assets	-	-	-	(609,000)	-
Personnel expenses	(6,720,875)	(5,704,025)	(11,500,118)	(24,414,222)	(10,314,485)
Other expenses	(10,860,060)	(8,578,087)	(18,047,582)	(31,184,173)	(16,751,420)
Depreciation and amortisation	(5,910,879)	(3,070,298)	(12,180,882)	(15,617,668)	(5,585,323)
Total Expenses	(23,839,508)	(16,866,699)	(42,676,276)	(72,873,744)	(33,583,406)
Profit before taxation	2,844,760	8,255,788	11,728,273	28,892,511	12,414,006
Income tax expense	(426,714)	(1,238,368)	(1,759,241)	(3,165,141)	(1,862,101)
Profit for the period	2,418,046	7,017,420	9,969,032	25,727,370	10,551,905

SICOM FINANCIAL SERVICES LTD
STATEMENT OF OTHER COMPREHENSIVE INCOME
AS AT 31 DECEMBER 2024

#	Period ended 31-Dec-24	Year ended 30-Jun-24	Period ended 31-Dec-23
	Rs	Rs	Rs
Profit for the period	9,969,032	25,727,370	10,551,905
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of post employment benefit obligations	-	1,314,000	-
Income tax relating to components of other comprehensive income	-	(223,380)	-
Increase in fair value of assets at FVOCI	178,500	136,500	-
Other comprehensive income for the period, net of tax	178,500	1,227,120	-
Total comprehensive income for the period	10,147,532	26,954,490	10,551,905

SICOM FINANCIAL SERVICES LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2024

	<u>Other reserves</u>						Total
	Stated capital	Retained earnings	Statutory reserves	Investment revaluation	Actuarial losses	General Banking reserve	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
At 1 July 2024	200,000,000	180,086,401	68,702,712	7,500	(18,103,589)	37,780,344	468,473,368
Profit for period	-	9,969,032	-	-	-	-	9,969,032
Other comprehensive income				178,500			178,500
At 31 December 2024	200,000,000	190,055,433	68,702,712	186,000	(18,103,589)	37,780,344	478,620,900