



Lanka Financial Services for Underserved Settlements

Historical Financial Performance & Financial Position

Analysis

Introduction

Lanka Financial Services for Underserved Settlements (LFSUS) was initially established in June 2006 through a Memorandum of Understanding (MOU) signed between the United Nations Human Settlements Programme (UN- Habitat) and the Ministry of Urban Development. Later, in November 2007 LFSUS was registered as a Company limited by guarantee to mobilize resources for financing, affordable housing and Infrastructure initiatives countrywide in order to improve the living standards of low income settlers, through the development of bankable projects that promote affordable low income housing. Currently it operates independently as a Credit Enhancement facility provider, encouraging both public and private sector investments to support micro finance institutions.

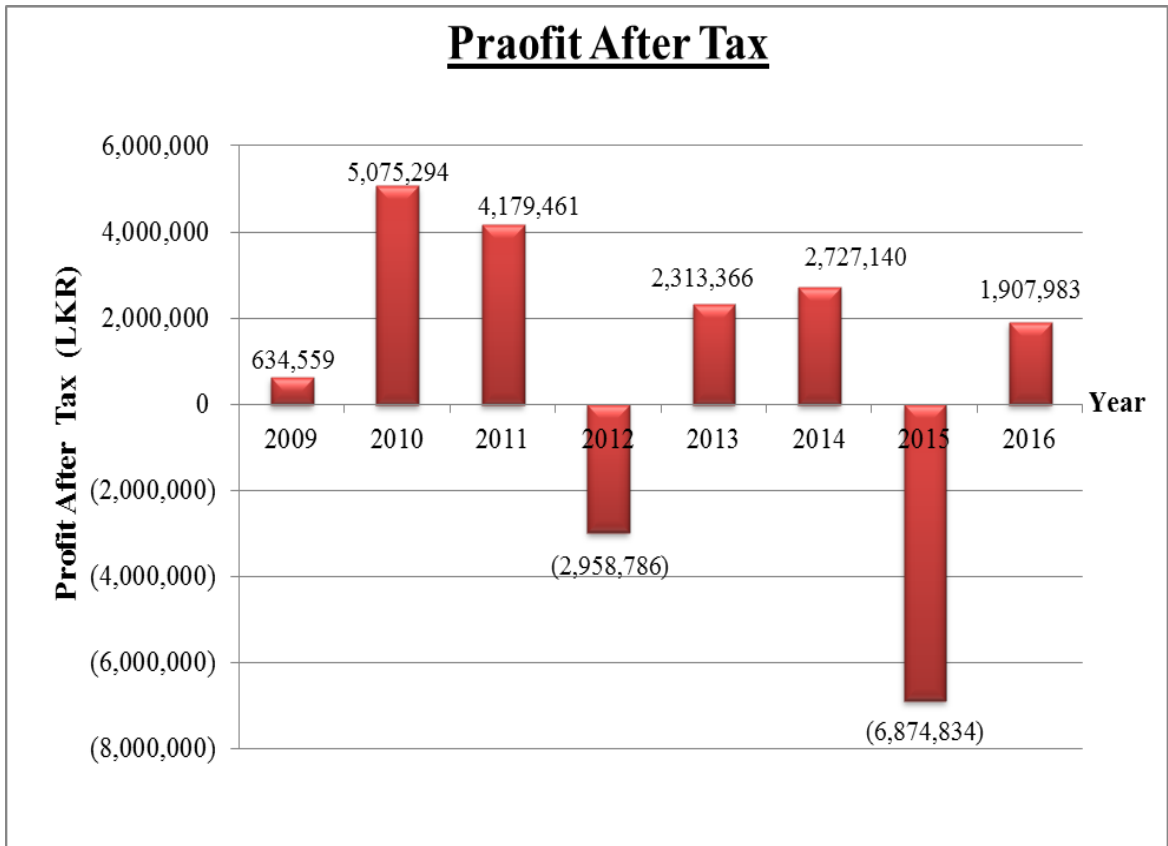
Since the inception, the company had effected by various changing factors such as Economical, Political, Cultural & Environmental, but were manage to maintain its Financial Performance & Financial Position at a reasonable level, whilst achieving the company's objectives & upgrading living standard of the low income earners of the country.

Company's Historical Financial Performance & Financial Position illustrated by following areas.

- i. Profit After Tax
- ii. Total Asset Base
- iii. Comparison of Investment Vs. Cash & Cash Equivalents
- iv. Comparison of Guarantee Fund Vs. Credit Enhancement Fund
- v. Funds & Liability Mix

i.) Profit After Tax

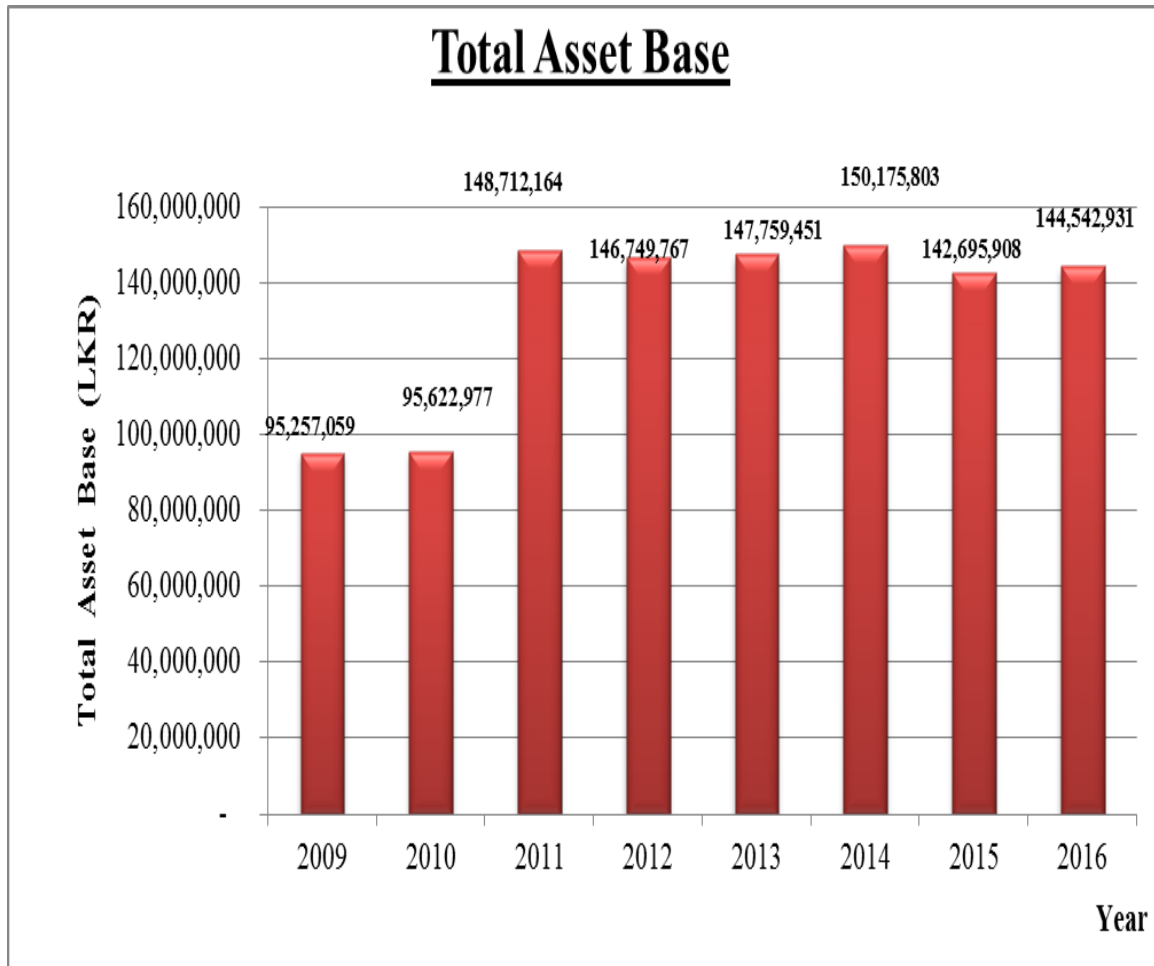
LFSUS maintained its Profit After Tax (PAT) at a reasonable level in every year except for the 2012 and 2015. In 2012 loss was occurred due to some staff related matters, and in 2015, the loss occurred due to the foreclosure of a deposit against a willfully defaulted facility of a MFI. In 2016 company recorded PAT of Rs: 1.9 mn & restructured its operations for a continuous positive Net Income to the growth of the company.



ii) Total Asset Base

Total Asset Base supports the achievement of LFSUS objectives and enables to focus on making low income settlers bankable whilst arranging the facilities for the development of their housing & sanitary facilities. The total asset base was changed due to the funds received from UN - Habitat and financial performance of the company throughout the

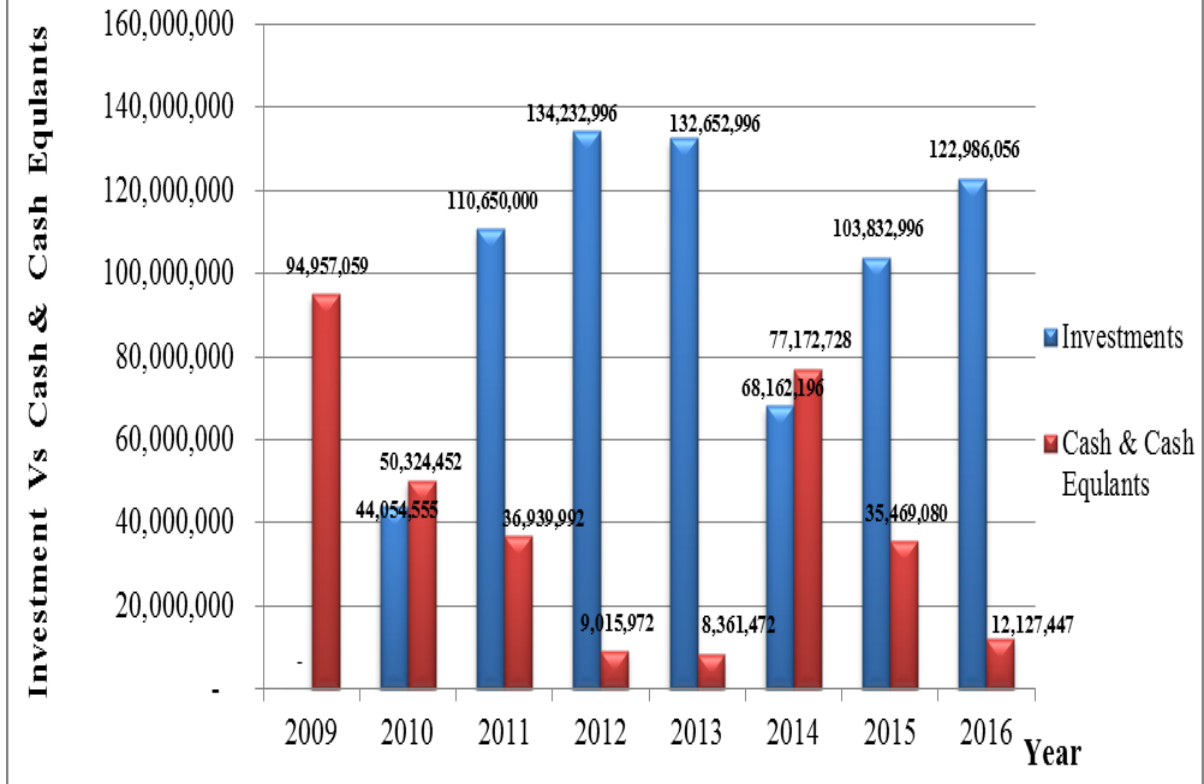
period. Only in 2012 & 2015 it was decreased due to negative financial performance. During the all other years total asset base increased as a result of proper fund management. In the year 2016, the company was able to increase its total asset base to Rs: 144.5 mn from Rs: 142.7mn in the year 2015,



iii) Comparison of Investment Vs. Cash & Cash Equivalents

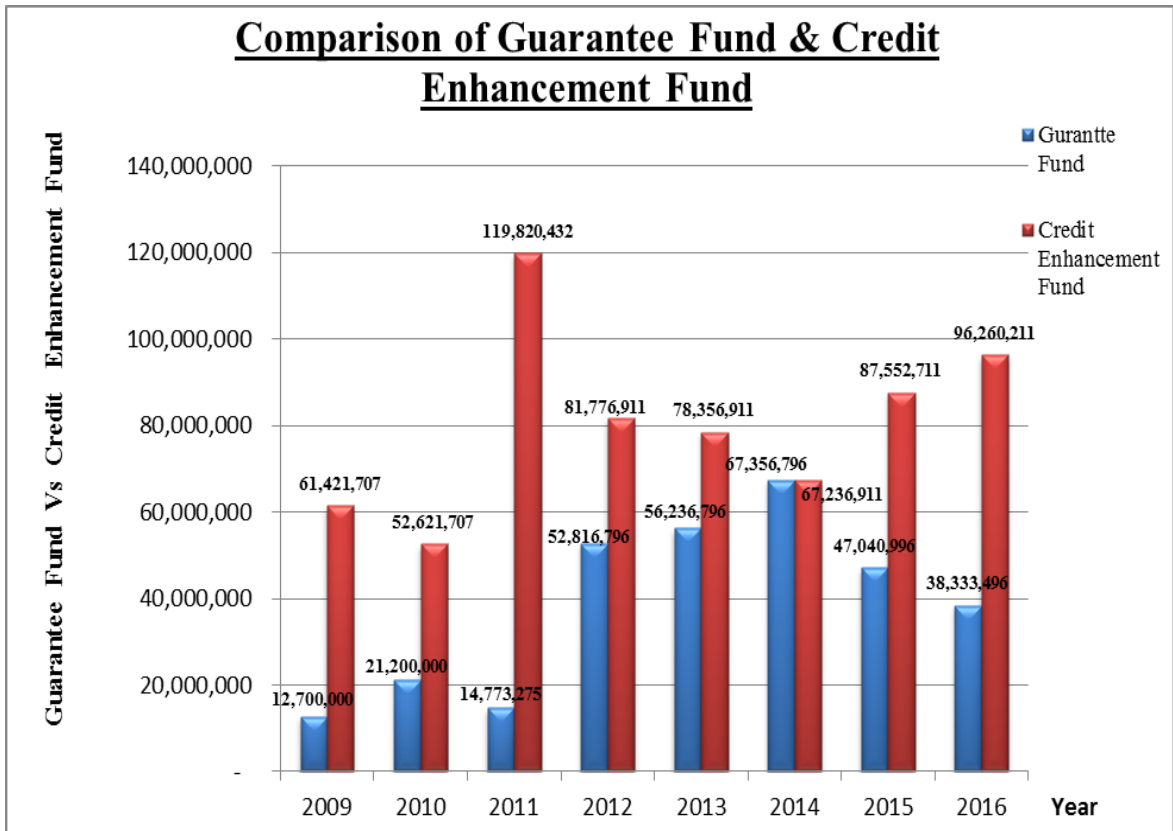
LFSUS maintained higher proportion of its total assets on Investments (Fixed Deposits, Treasury Bills..etc), Cash & Cash Equivalents. Except for the 2010 & 2014 company was able to maintain the favorable mix of these investments, Cash and Cash Equivalents for the maximizing of company's wealth.

Comparison of Investment Vs Cash & Cash Equant



iv) Comparison of Guarantee Fund Vs. Credit Enhancement Fund

LFSUS maintained two equity nature funds ie: Guarantee Fund and Credit Enhancement Fund. Guarantee Fund represent the fund committed with existing housing & community development projects. Credit Enhancement Funds represent the available funds for future housing & community development projects. The movement of these two funds would be based on the implementation of the prospective new projects throughout the period. Company's guarantee exposure with regard to the implementation of new projects decreased in 2015 & 2016 due to various factors & company reshaped it's operation from 2016 onwards for the betterment for the company & community of the country.



v) Funds & Liability Mix

LFSUS Funds & Liability Mix can be illustrated as follows.

