

INTERIM FINANCIAL STATEMENTS FOR THE
SIX MONTHS ENDED 30TH SEPTEMBER 2016

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ASSOCIATED MOTOR FINANCE COMPANY PLC

No 89, Hyde Park Corner, Colombo 2.

Tel : 2687158 - 2687265

Fax : 2688760 E-mail : info@amf.lk Web : www.amf.lk

Trustees of your trust...

Interim Financial Statements for the six months ended 30th September 2016

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2016

	Group			Company		
	30-Sep-16 (Unaudited) Rs.	30-Sep-15 (Unaudited) Rs.	Variance	30-Sep-16 (Unaudited) Rs.	30-Sep-15 (Unaudited) Rs.	Variance
Interest and similar income	1,297,890,706	1,077,050,191	21%	515,713,618	440,069,093	17%
Interest expense and similar charges	(639,266,965)	(504,494,460)	27%	(281,886,722)	(226,508,126)	24%
Net interest income	658,623,741	572,555,731	15%	233,826,896	213,560,967	9%
Fee and commission income	25,813,511	54,628,533	-53%	-	-	
Net fee and commission income	25,813,511	54,628,533	100%	-	-	
Net gain/(loss) from trading	2,419,914	2,381,852	2%	-	-	
Other operating income (net)	45,619,436	23,064,557	98%	58,037,013	35,953,661	61%
Total operating income	732,476,603	652,630,674	12%	291,863,909	249,514,629	17%
Impairment losses on loans & other losses	(145,254,921)	(30,964,998)	369%	(59,079,513)	(36,720,169)	61%
Net operating income	587,221,682	621,665,676	-6%	232,784,395	212,794,459	9%
Less: Operating Expenses						
Personnel costs	(153,698,521)	(136,714,146)	12%	(69,376,749)	(62,038,867)	12%
Depreciation of property & equipment	(20,010,686)	(16,241,704)	23%	(12,038,151)	(9,237,436)	30%
Amortisation of intangible assets	(2,352,733)	(2,246,237)	5%	(407,170)	(407,170)	0%
Administration establishment and other operating expenses	(193,918,370)	(204,997,987)	-5%	(73,521,379)	(51,584,456)	43%
Profit before value added tax on financial services	(369,980,310)	(360,200,074)	3%	(155,343,449)	(123,267,929)	26%
Less: VAT on financial services	217,241,372	261,465,601	-17%	77,440,946	89,526,531	-13%
Profit before taxation	188,047,216	245,177,821	-23%	68,457,104	86,267,452	-21%
Less: Income tax expense	(11,283,815)	(12,276,745)	-8%	(6,845,710)	(8,626,745)	-21%
Profit for the Period	176,763,401	232,901,076	-24%	61,611,394	77,640,707	-21%
Attributable to equity holder of the parent	168,182,178	222,204,403	-24%			
Attributable to Non controlling interest	8,581,223	10,696,673	-20%			
Net profit for the Period	176,763,401	232,901,076	-24%	61,611,394	77,640,707	-21%
Basic/diluted earnings per share	30	40	-24%	11	14	-21%

Interim Financial Statements for the six months ended 30th September 2016

INCOME STATEMENT FOR THE THREE MONTHS ENDED 30TH SEPTEMBER 2016

	Group			Company		
	30-Sep-16 (Unaudited) Rs.	30-Sep-15 (Unaudited) Rs.	Variance	30-Sep-16 (Unaudited) Rs.	30-Sep-15 (Unaudited) Rs.	Variance
Interest and similar income	655,423,154	577,948,040	13%	252,776,615	235,536,203	7%
Interest expense and similar charges	(328,070,827)	(268,331,296)	22%	(143,707,455)	(121,660,509)	18%
Net interest income	327,352,327	309,616,744	6%	109,069,160	113,875,694	-4%
Fee and commission income	14,604,735	27,482,194	-47%			
Net fee and commission income	14,604,735	27,482,194	-47%			
Net gain/(loss) from trading	1,702,121	872,752.30	95%			
Other operating income (net)	24,710,765	10,866,381	127%	44,825,773	29,218,190	53%
Total operating income	368,369,949	348,838,071	6%	153,894,933	143,093,884	8%
Impairment losses on loans & other losses	(69,728,068)	13,594,449	-613%	(35,231,131)	(21,179,593)	66%
Net operating income	298,641,881	362,432,520	-18%	118,663,802	121,914,291	-3%
Less: Operating Expenses						
Personnel costs	(78,895,874)	(72,108,659)	9%	(36,598,031)	(34,553,763)	6%
Depreciation of property & equipment	(10,181,346)	(8,618,135)	18%	(6,061,319)	(4,945,752)	23%
Amortisation of intangible assets	(1,186,082)	(1,131,399)	5%	(203,585)	(203,585)	0%
Other operating expenses	(106,299,010)	(145,427,347)	-27%	(40,553,000)	(32,289,478)	26%
	(196,562,312)	(227,285,540)	-14%	(83,415,935)	(71,992,577)	16%
Profit before value added tax on financial services	102,079,568	135,146,980	-24%	35,247,867	49,921,714	-29%
Less: VAT on financial services	(15,489,551)	(9,345,321)	66%	(5,532,939)	(1,944,097)	185%
Profit before taxation	86,590,017	125,801,659	-31%	29,714,928	47,977,617	-38%
Less: Income tax expense	1,466,612	(8,447,762)	-117%	(2,971,493)	(4,797,762)	-38%
Profit for the Period	88,056,629	117,353,897	-25%	26,743,435	43,179,855	-38%
Attributable to equity holder of the parent	83,225,765	111,506,187	-25%			
Attributable to Non controlling interest	4,830,865	5,847,710	-17%			
Net profit for the Period	88,056,629	117,353,897	-25%	26,743,435	43,179,855	-38%
Basic/diluted earnings per share	15	20	-25%	5	8	-38%

Interim Financial Statements for the six months ended 30th September 2016

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2016**

	Group		Company	
	30-Sep-16 (Unaudited) Rs.	30-Sep-15 (Unaudited) Rs.	30-Sep-16 (Unaudited) Rs.	30-Sep-15 (Unaudited) Rs.
Profit for the Period	176,763,401	232,901,076	61,611,394	77,640,707
Gains and losses on available-for-sale financial assets	704,490	793,167	-	
Actuarial gains or losses on Employee benefits.			-	
Total comprehensive income / (expense) for the period	177,467,892	233,694,244	61,611,394	77,640,707
Attributable to equity holder of the parent	168,844,540	222,950,139		
Attributable to Non controlling interest	8,623,351	10,744,104		
Total comprehensive income / (expense)	177,467,892	233,694,244	61,611,394	77,640,707

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 30TH SEPTEMBER 2016**

	Group		Company	
	30-Sep-16 (Unaudited) Rs.	30-Sep-15 (Unaudited) Rs.	30-Sep-16 (Unaudited) Rs.	30-Sep-15 (Unaudited) Rs.
Profit for the Period	88,056,629	117,353,897	26,743,435	43,179,855
Gains and losses on available-for-sale financial assets	(308,510)	(950,712)	-	
Actuarial gains or losses on Employee benefits.			-	
Total comprehensive income / (expense) for the period	87,748,119	116,403,185	26,743,435	43,179,855
Attributable to equity holder of the parent	74,059,495	112,337,811		
Attributable to Non controlling interest	4,812,416	4,953,246		
Total comprehensive income / (expense) for the period	87,748,119	116,403,185	26,743,435	43,179,855

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group		Company	
	30-Sep-16 Rs. Unaudited	31-Mar-16 Rs. (Audited)	30-Sep-16 Rs. Unaudited	31-Mar-16 Rs. (Audited)
Assets				
Cash and cash equivalents	261,106,034	471,745,384	106,135,545	310,556,306
Placement with banks & Other financial institutions	68,567,873	68,855,662	-	-
Loans & advances to customers	10,900,926,732	8,966,542,484	3,498,923,634	3,040,618,060
Financial investments - held for trading	15,094,983	170,563,687	-	-
Financial investments - available for sale	632,363,199	918,089,105	161,716,854	119,594
Financial investments - held to maturity	217,543,602	293,769,983	217,543,602	293,769,983
Financial investments - loans and receivables	281,814,302	500,903,741	281,814,302	500,903,741
Other financial assets	-	-	-	-
Inventories	146,983,322	124,250,439	146,453,350	124,148,120
Investment properties	78,747,955	78,897,955	78,747,955	78,897,955
Property and equipment	323,286,061	321,378,472	66,158,397	74,351,243
Intangible assets	11,689,983	13,229,315	3,707,938	4,115,108
Current tax asset	27,695,520	32,641,885	3,565,520	6,220,955
Deferred tax assets	247,465,158	247,465,158	175,887,318	175,887,318
Other assets	127,738,149	42,957,426	37,206,486	1,731,262
Investment in subsidiary	-	-	1,160,387,961	1,160,387,961
Good will	385,244,360	385,244,360	-	-
Total assets	13,726,267,233	12,636,535,057	5,938,248,862	5,771,707,607
Liabilities				
Due to financial institutions	1,282,533,487	996,730,518	341,430,000	477,848,000
Deposits from customers	9,484,900,147	9,173,902,839	4,133,313,178	3,978,691,749
Debentures	357,046,167	356,495,274	-	-
Other liabilities	857,082,681	541,674,270	303,747,238	216,618,805
Retirement benefit obligations	66,921,274	62,254,524	22,097,366	22,499,366
Total liabilities	12,048,483,756	11,131,057,426	4,800,587,782	4,695,657,920
Equity				
Stated capital	56,086,280	56,086,280	56,086,280	56,086,280
Other reserves	143,128,276	142,465,915	64,645,432	64,645,432
Retained earnings	1,397,918,357	1,234,898,225	1,016,929,368	955,317,975
Funds attributable to equity holders of the parent	1,597,132,913	1,433,450,419	1,137,661,080	1,076,049,686
Non-controlling interests	80,650,563	72,027,212	-	-
Total equity	1,677,783,477	1,505,477,631	1,137,661,080	1,076,049,686
Total liabilities and equity	13,726,267,233	12,636,535,057	5,938,248,862	5,771,707,607

Net Assets per share- Rs. 284.76 255.58 202.84 191.86

I certify that the above financial statements are in compliance with the requirements of the Companies Act No. 7 of 2007 and give a true and fair view of the state of affairs of the company as at 30th September 2016 and its profit for the Six months ended 30th September 2016.

T. M. A. Sallay
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these interim financial statements.
Approved and signed for and on behalf of the Board.

J. P. I. S. Dayawansa
Director

Mr. L. C. W. Edirisooriya
Director

Date: 09-11-2016

Interim Financial Statements for the six months ended 30th September 2016

**STATEMENT OF CHANGES IN EQUITY
FOR THE SIXMONTHS ENDED 30TH SEPTEMBER 2015**

Group	Stated capital	Capital reserves	General reserves	Statutory reserve fund	Investment Fund	Available for sale Reserve	Retained earnings	Non controlling interest	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		Rs.
Balance as at 1st April 2015	56,086,280	17,930	1,029,052	60,142,851	-	4,653,913	864,430,798	53,372,207	1,039,733,031
6 Months ended 30th September 2015	-	-	-	-	-	-	222,204,403	10,696,673	232,901,076
Other Comprehensive income net of taxes	-	-	-	-	-	745,736	-	47,431	793,167
Dividends Paid	-	-	-	-	-	-	(67,300,260)	(4,008,032)	(71,308,292)
Transfer to reserve fund	-	-	-	-	-	-	-	-	-
Balance as at 30th September 2015	56,086,280	17,930	1,029,052	60,142,851	-	5,399,649	1,019,334,941	60,108,279	1,202,118,983

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 30TH SEPTEMBER 2016**

Group	Stated capital	Capital reserves	General reserves	Statutory reserve fund	Investment Fund	Available for sale Reserve	Retained earnings	Non controlling Interest	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		Rs.
Balance as at 1st April 2016	56,086,280	17,930	1,029,052	140,372,675	-	1,046,258	1,234,898,225	72,027,212	1,505,477,631
06 Months Ended 30th September 2016	-	-	-	-	-	-	168,182,178	8,581,223	176,763,401
Other comprehensive income net of tax	-	-	-	-	-	662,362	-	42,129	704,490
Dividends Paid	-	-	-	-	-	-	(5,162,046)	-	(5,162,046)
Available for sale Reserve	-	-	-	-	-	-	-	-	-
06 Month Ended 30th September 2016	56,086,280	17,930	1,029,052	140,372,675	-	1,708,619	1,397,918,357	80,650,563	1,677,783,477

Interim Financial Statements for the six months ended 30th September 2016

**STATEMENT OF CHANGES IN EQUITY
FOR THE SIXMONTHS ENDED 30TH SEPTEMBER 2015**

Company	Stated capital Rs.	Capital reserves Rs.	General reserves Rs.	Statutory reserve fund Rs.	Investment Fund Rs.	Available for sale Reserve Rs.	Retained earnings Rs.	Non controlling interest	Total Rs.
Balance as at 1st April 2015	56,086,280	17,930	1,029,052	52,542,344		-	813,911,566	-	923,587,172
6 Months ended 30th September 2016	-	-	-	-	-	-	77,640,707	-	77,640,707
Dividends Paid	-	-	-	-	-	-	(67,300,260)	-	(67,300,260)
Transfer to reserve fund	-	-	-	-		-		-	-
Other comprehensive income net of tax							-		-
Transfer to statutory reserve fund							-		-
Balance as at 30th September 2015	56,086,280	17,930	1,029,052	52,542,344	-	-	824,252,013	-	933,927,619

**STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2016**

Company	Stated capital Rs.	Capital reserves Rs.	General reserves Rs.	Statutory reserve fund Rs.	Investment Fund Rs.	Available for sale Reserve Rs.	Retained earnings Rs.	Non controlling interest	Total Rs.
Balance as at 1st April 2016	56,086,280	17,930	1,029,052	63,598,450	-	-	955,317,975	-	1,076,049,687
06 Months Ended 30th September 2016	-	-	-	-	-	-	61,611,394	-	61,611,394
Dividends Paid	-	-	-	-	-	-	-	-	-
Other comprehensive income net of tax							-		-
Transfer to reserve fund	-	-	-	-	-	-	-	-	-
06 Month Ended 30th September 2016	56,086,280	17,930	1,029,052	63,598,450	-	-	1,016,929,368	-	1,137,661,080

The interim financial statements for then six months ended 30th September 2016 are provisional and subject to audit.

CONSOLIDATED CASH FLOW STATEMENT

	Group		Company	
	30-Sep-16 Rs. Unaudited	30-Sep-15 Rs. Unaudited	30-Sep-16 Rs. Unaudited	30-Sep-15 Rs. Unaudited
Cash flow from operating activities				
Net profit before taxation	188,047,216	245,177,821	68,457,104	86,267,452
Adjustments for;	-	-	-	-
Depreciation	22,363,419	18,487,941	12,445,321	9,644,606
(Gain)/Loss on disposal of property and equipment	(52,556)	(2,751,302)	(52,556)	(1,483,333)
Provision for bad and doubtful debts	101,850,127	(9,298,520)	15,674,719	(3,543,349)
Provision for gratuity	5,598,000	5,500,000	-	-
Interest on borrowing	62,128,685	5,716,898	31,517,630	40,618,662
Lease interest	145,659	-	145,659	403,831
Dividend income	(614,986)	-	(28,366,312)	-
Net amount tran to P&L from AFS reserve on Associate	-	(2,381,852)	-	-
Loans & advances written off	-	(65,208,626)	-	-
Operating profit before working capital changes	379,465,564	195,242,360	99,821,566	131,907,869
(Increase)/ decrease in financial investments	736,798,557	141,678,621	133,718,560	(57,998,549)
(Increase)/ decrease in other assets	(84,781,247)	(1,759,050,284)	(35,475,224)	(724,389,895)
(Increase)/decrease in loans and advances	(2,036,240,863)	20,058,611	(473,986,780)	(8,583,356)
(Increase)/ decrease in inventories	(22,732,883)	(26,065,245)	(22,305,229)	(28,789,710)
Increase/(decrease) in public deposits	310,997,308	1,484,198,765	154,621,429	701,810,827
(Increase)/ decrease in trade and other payables	317,714,229	(60,263,681)	89,474,453	(70,412,486)
Increase/(decrease) in Debentures	550,893	516,769.36	-	-
	(777,694,007)	(198,926,444)	(153,952,792)	(188,363,169)
Cash generated from operations	(398,228,443)	(3,684,084)	(54,131,226)	(56,455,300)
Tax paid	(6,336,942)	2,003,755	(4,190,275)	2,003,755
Gratuity paid	(865,000)	(2,320,000)	(402,000)	-
Interest paid	(40,572,937)	(81,427,621)	(31,517,630)	(40,618,662)
Net cash flow from operating activities	(446,003,321)	(85,427,950)	(90,241,131)	(95,070,208)
Cash flow from investment activities				
Proceeds from disposal of property and equipment	389,097	5,893,331	389,097	2,033,331
Acquisition of subsidiary	-	-	-	-
Dividends received	614,986	-	28,366,312	-
Proceeds from disposal of associate	-	-	-	-
Purchases of Investment property, Intangible Assets & Property & Equipment	(22,233,359)	(35,774,808)	(4,025,359)	(22,464,808)
	-	-	-	-
Net cash flow from investing activities	(21,229,276)	(29,881,477)	24,730,050	(20,431,477)

Interim Financial Statements for the six months ended 30th September 2016

	Group		Company	
	30-Sep-16	30-Sep-15	30-Sep-16	30-Sep-15
	Rs.	Rs.	Rs.	Rs.
	Unaudited	Unaudited	Unaudited	Unaudited
Cash flow from financing activities				
Dividends paid	(5,162,296)	(71,308,152)	-	(67,300,260)
Increase/(decrease) in pledge loan	-	(92,679,667)	-	(35,416,668)
Increase/(decrease) in securitization	106,482,000	84,216,000	(136,418,000)	84,216,000
Repayment of lease creditor	(2,491,680)	(2,792,667)	(2,491,680)	(2,792,667)
Net cash flow from financing activities	98,828,024	(82,564,485)	(138,909,680)	(21,293,594)
Net increase / (decrease) in cash and cash equivalents	(368,404,573)	(197,873,912)	(204,420,761)	(136,795,279)
Cash and cash equivalent at the beginning of the year	461,132,663	509,028,421	310,556,306	271,185,287
Cash and cash equivalent at the end of the year	92,728,090	311,154,508	106,135,545	134,390,008
Cash and cash equivalents				
Cash in hand and at bank	261,106,034	325,104,217	106,135,545	134,390,008
Bank overdrafts	(168,377,945)	(13,949,708)	-	0
	92,728,090	311,154,508	106,135,545	134,390,008

The interim financial statements for the Six months ended 30th September 2016 are provisional and subject to audit.

Figures in brackets indicate deductions.

The annexed notes form an integral part of these interim financial statements.

- 1 The Statement of Financial Position, Statement of Comprehensive income, Statement of Changes in equity and Cash Flow Statement, have been prepared in accordance with Sri Lanka Accounting Standards comprising of Sri Lanka Financial Reporting Standards & Lanka Accounting Standards (Hereafter referred as "SLFRS") ,laid down by the Institute of Chartered Accountants of Sri Lanka and these SLFRS effective from April 1, 2012 and comparative (year 2012) too are reclassified and re-measured
- 2 There were no changes in the accounting policies and methods of computation since the last audited financial statements.
- 3 There were no material events that took place since 30th September 2016 that require disclosure in these financial statements.
- 4 There are no material changes in composition of assets, liabilities, contingent liabilities.
- 5 All known expenses have been provided for in these financial statements.
- 6 The Stated Capital consists of 5,608,355 Ordinary Shares.
- 7 **Proposed Consolidation of Finance and Leasing Companies**
Associated Motor Finance Company PLC hold 6,992,610 shares- 94.02% of Arpico Finance Company PLC
- 8 **Events subsequent to the interim period**

Final dividend of Rs,15.00 per share for the financial year ended 31.03.2016 was paid on 14.10.2016.

A)	Market Value per Share for the quarter ended	30-Sep-16	30-Sep-15
		Rs.	Rs.
	Highest	500.00	476.00
	Lowest	420.00	400.00
	Closing	489.00	450.20

B) Twenty Largest holders of Shares as at 30th September 2016

	<u>Name</u>	<u>No. of Shares</u>	<u>%</u>
1	Imperial Import & Export Co. (Pvt) Ltd	2,422,308	43.19
2	Mr. John Paulu Irugalbandarage Nalatha Dayawansa	2,397,868	42.76
3	Mrs. Ayanthi Shammalka Dayawansa	98,784	1.76
4	Mr. John Paulu Irugalbandarage Shanil Dayawansa	92,386	1.65
	Mr. John Paulu Irugalbandarage Nadishka Dayawansa	92,386	1.65
5	Miss. Akuranawattage Shiyonika Perera	90,000	1.60
	Mr. Akuranawattage Prajith Perera	90,000	1.60
6	Mrs. Ayoma Shyamali Perera	89,962	1.60
7	Mr. John Paulu Irugalbandarage Nelaka Dayawansa	81,536	1.45
8	Kottawa Industries & Tours Ltd.	51,560	0.92
9	Mrs. John Paulu Irugalbandarage Pushparani	44,948	0.80
10	Mrs. Podinona Perera	16,966	0.30
11	Mr. John Paulu Irugalbandarage Vajira Priyantha	7,762	0.14
12	Imperial Tours	5,000	0.09
13	Mr. Algawattage Kapila Sampath Mendis	1,174	0.02
14	Mr. Puvendran Gajendra	1,160	0.02
15	Imperial Motor Finance Co. Ltd.	1,082	0.02
16	Nanayakkara Management Service (Pvt) Ltd	1,000	0.02
	Mrs. Sannasliyanarachchge Dona Mary Beatrice	1,000	0.02
	Mrs. Jayanthi Mala Gunaratne	1,000	0.02
17	Mr. John Paulu Irugalbandarage Kamal Kithsiri	968	0.02
18	Mr Udayathilaka Indrapala Suriyabandara	858	0.02
19	Mrs. Imiya Pathirannehalage Indrani Lalitha Gunathilaka	858	0.02
20	Mr. Siri Gamini Nissanka Herath	738	0.01
		5,591,304	99.70

C) Directors Shareholding as at 30th September 2016

	<u>Name</u>	<u>No. of Shares</u>
	Dr. L. R. Karynaratne	-
	Mr. J. P. I. N. Dayawansa	2,397,868
	Mrs. A. S. Dayawansa	98,784
	Mr. J. P. I. S. Dayawansa	92,386
	Mr. K. D. U.S Nanayakkara	-
	Mr. L. C. W. Edirisooriya	-

D) Public Holding

Public Holding as at 30th September 2016 is 9.83%

Number of Public shares holders

374