

ABANS FINANCE PLC

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

30 SEPTEMBER 2016

A decorative graphic in the bottom right corner of the page. It features a purple triangular shape pointing towards the bottom left. Inside this shape, there is a collage of various coins, including a 5 Euro coin and a 2 Euro coin, with the year 2016 visible on one of them. The text 'Abans FINANCE' is printed in white on the purple background.

Abans
FINANCE

ABANS FINANCE PLC**STATEMENT OF COMPREHENSIVE INCOME**

	For the Six Months Ended September		For the Quarter Ended September	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Income	767,306,480	647,607,616	391,666,687	347,751,473
Interest Income	718,044,316	573,492,083	372,051,897	310,206,624
Interest Expenses	(281,463,426)	(227,112,762)	(150,242,204)	(119,796,901)
Net Interest Income	436,580,890	346,379,321	221,809,693	190,409,723
Fee and Commission Income	39,151,344	67,134,800	14,431,595	31,833,255
Fee and Commission Expenses	(32,489,205)	(44,862,263)	(20,761,006)	(24,634,923)
Net Fee and Commission Income	6,662,139	22,272,537	(6,329,411)	7,198,332
Net Gain/(Loss) From Trading	1,309,198	542,300	944,781	223,633
Other Operating Income (net)	8,801,622	6,438,433	4,238,414	5,487,962
Total Operating Income	453,353,849	375,632,591	220,663,477	203,319,650
Impairment (Charges) / Reversal	(91,671,734)	(96,260,597)	(31,425,914)	(46,514,407)
Net Operating Income	361,682,115	279,371,994	189,237,563	156,805,243
Operating Expenses				
Personnel Costs	(104,416,685)	(64,765,874)	(56,054,154)	(32,358,895)
Other Operating Expenses	(123,869,954)	(106,007,955)	(62,642,597)	(55,916,157)
Operating Profit/(Loss) before VAT on FS	133,395,476	108,598,165	70,540,812	68,530,191
Value Added Tax on Financial Services	(20,923,644)	(14,061,741)	(9,588,390)	(10,311,216)
Profit / (Loss) before Taxation from Operations	112,471,832	94,536,424	60,952,422	58,218,975
Income Tax (Expense)/Reversal	(35,890,827)	(27,420,000)	(18,611,776)	(17,230,000)
Profit/(Loss) for the Period	76,581,005	67,116,424	42,340,646	40,988,975
Other Comprehensive Income				
Gains & Losses arising on re-measuring Available for Sale Financial Assets - Investment in Unit Trust	-	(105,717)	(1,155,796)	(2,375,203)
Other Comprehensive Income for the Period, Net of Tax	-	(105,717)	(1,155,796)	(2,375,203)
Total Comprehensive Income for the Period	76,581,005	67,010,707	41,184,850	38,613,772
Earnings Per Share	1.77	1.81	0.95	1.11

The figures presented above are provisional and subject to Audit.

31st October 2016
Colombo

ABANS FINANCE PLC**STATEMENT OF FINANCIAL POSITION**

AS AT 30 SEPTEMBER 2016

	SEPTEMBER '2016 Rs.	MARCH '2016 Rs. (Audited)
Assets		
Cash and Bank Balances	318,062,460	73,385,295
Placements with Banks	385,725,699	224,098,165
Securities Purchased under Repurchase Agreement	428,312,656	630,158,527
Financial Assets - Held for Trading	8,093,703	6,915,241
Loans and Advances	1,757,158,784	1,188,546,845
Lease Rentals Receivable & Stock Out on Hire	3,287,646,314	3,596,251,779
Financial Investments - Available for Sale	80,400	80,400
Financial Investments - Held to Maturity	227,974,535	21,669,813
Other Financial Assets	91,534,801	73,802,179
Real Estate Stock	70,355,513	83,066,481
Other Non Financial Assets	35,388,947	97,894,824
Deferred Tax Asset	61,419,537	61,419,536
Intangible Assets	20,905,749	15,608,896
Property, Plant & Equipment	75,549,747	75,811,265
Total Assets	6,768,208,845	6,148,709,246
Liabilities		
Due to Banks	304,832,490	47,004,092
Due to Customers	5,089,656,961	4,539,362,221
Debt Inst. Issued and Other Borrowed Funds	-	31,110,631
Other Financial Liabilities	467,901,175	837,025,511
Other Non Financial Liabilities	8,004,505	8,086,521
Retirement Benefit Liability	16,849,688	15,249,338
Current Tax Liabilities	5,643,364	56,345,826
Total Liabilities	5,892,888,183	5,534,184,140
Shareholders' Funds		
Stated Capital	567,373,630	382,373,630
Statutory Reserve	62,554,000	62,554,000
Retained Earnings	245,393,032	169,597,476
Total Shareholders' Funds	875,320,662	614,525,106
Total Liabilities and Shareholders' Funds	6,768,208,845	6,148,709,246
Commitments and Contingencies	-	-
Net Assets Per Share	19.71	16.61

The figures presented above are provisional and subject to Audit.

These Financial Statements are in compliance with the requirements of the Companies Act No.07 of 200

P.W.K.Roshan (Sgnd.)
Head of Finance

The Board of Directors is responsible for the preparation & and presentation of these Financial Statement:
Signed for and on behalf of the Board by,

K.B.Wanigasekara (Sgnd.)
Director

Rusi Pestonjee (Sgnd.)
Director

31st October 2016
Colombo

ABANS FINANCE PLC
STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED

	Stated Capital Rs.	Retained Earnings Rs.	Statutory Reserve Rs.	Reserve on Available for Sale Financial Instruments Rs.	Total Rs.
Balance as at 1 April 2015	382,373,630	97,837,286	44,529,000	130,255	524,870,171
Net Profit / (Loss) for the Period	-	67,116,424	-	-	67,116,424
Other Comprehensive Income Net of Tax	-	-	-	(105,717)	(105,717)
Balance as at 30 September 2015	<u>382,373,630</u>	<u>164,953,710</u>	<u>44,529,000</u>	<u>24,538</u>	<u>591,880,878</u>
Balance as at 1 April 2016	382,373,630	169,597,476	62,554,000	-	614,525,106
Issue of Rights	185,000,000	-	-	-	185,000,000
Direct Cost of Right Issue	-	(785,447)	-	-	(785,447)
Net Profit / (Loss) for the Period	-	76,581,005	-	-	76,581,005
Balances as at 30 September 2016	<u>567,373,630</u>	<u>245,393,032</u>	<u>62,554,000</u>	<u>-</u>	<u>875,320,662</u>

31st October 2016
Colombo

ABANS FINANCE PLC**CASH FLOW STATEMENT**

FOR THE PERIOD ENDED

	30th SEPTEMBER '2016 Rs.	30th SEPTEMBER '2015 Rs.
Cash Flows From / (Used in) Operating Activities		
Profit / (Loss) Before Income Tax Expense	112,471,832	94,536,424
Adjustments for		
Depreciation	7,222,823	4,681,886
Amortisation of Intangible Assets	1,175,046	3,950,478
Impairment Chargers	91,671,734	96,260,597
Loss/(Profit) from Sale of Unit Trust	(2,142,787)	(4,500,941)
Diminution/(Appreciation) in value of investments	(1,178,462)	(379,543)
Loss/(Profit) on Disposal of Property, Plant & Equipment	-	19,829
Provision/(reversal) for Defined Benefit Plans	1,955,000	1,080,000
Dividend Received	(130,736)	(162,757)
Operating Profit before Working Capital Changes	211,044,450	195,485,973
(Increase)/Decrease in Real Estate Stock	12,710,968	1,814,497
(Increase)/Decrease in Loans and Advances	(583,995,823)	80,608,965
(Increase)/Decrease in Lease Rentals Receivable & Stock out on hire	283,757,342	(1,009,005,409)
(Increase)/Decrease in Other Financial Assets	(69,172,349)	(50,180,718)
(Increase)/Decrease in Other Non Financial Assets	62,505,878	33,875,719
Increase/(Decrease) in Amounts Due to Customers	550,294,740	991,653,318
Increase/(Decrease) in Other Financial Liabilities	(369,124,336)	54,841,385
Increase/(Decrease) in Other Non Financial Liabilities	(82,017)	5,917,200
Cash Generated from Operations	97,938,853	305,010,929
Retirement Benefit Liabilities Paid	(354,650)	(238,313)
Taxes Paid	(86,593,289)	(38,670,121)
Net Cash From/(Used in) Operating Activities	10,990,914	266,102,495
Cash Flows from / (Used in) Investing Activities		
Acquisition of Property, Plant & Equipment	(6,961,305)	(6,804,679)
Acquisition of Intangible Assets	(6,471,900)	(4,071,531)
Proceeds from Sales of Property, Plant & Equipment	-	32,250
Acquisition of Financial Investment Held - for -Trading	-	(16,776)
Sale/(Purchase) of Placement with banks	(1,573)	(1,332)
Sale/(Purchase) of Financial Investments-Held to Maturity	(206,304,722)	(254,156)
Acquisition of Financial Investments - Available for Sale	(100,000,000)	(100,000,000)
Sale/(Purchase) of Financial Investments- Unit Trust	102,142,786	104,500,941
Investment in Debt Securities	-	(1,340,152)
Dividends Received	130,736	162,757
Net Cash Flows from/(Used in) Investing Activities	(217,465,978)	(7,792,678)
Cash Flows from / (Used in) Financing Activities		
Repayment of Borrowings	(29,194,655)	(51,768,970)
Borrowings from Banks	250,000,000	
Cash Flow from Debt Instruments Issued and Other borrowings	(31,110,631)	-
Cash Flow from Right Issue of Shares	185,000,000	-
Expences on Right Issue of Shares	(785,447)	
Net Cash Flows from/(Used in) Financing Activities	373,909,267	(51,768,970)
Net Increase in Cash and Cash Equivalents	167,434,203	206,540,847
Cash and Cash Equivalents at the beginning of the year	905,839,030	745,027,800
Cash and Cash Equivalents at the end of the year	1,073,273,233	951,568,647

The figures presented above are provisional and subject to Audit.

31st October 2016
Colombo

ABANS FINANCE PLC
ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

As at	HFT at Fair Value		HTM at Amortized Cost		L&R at Amortized Cost		AFS at Fair Value		Total	
	30.09.2016	31.03.2016	30.09.2016	31.03.2016	30.09.2016	31.03.2016	30.09.2016	31.03.2016	30.09.2016	31.03.2016
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Assets										
Cash and Bank Balances	-	-	-	-	318,062,460	73,385,295	-	-	318,062,460	73,385,295
Placements with Banks	-	-	-	-	385,725,699	224,098,165	-	-	385,725,699	224,098,165
Repurchase Agreements	-	-	-	-	428,312,656	630,158,527	-	-	428,312,656	630,158,527
Financial Investments - Held for Trading	8,093,703	6,915,241	-	-	-	-	-	-	8,093,703	6,915,241
Financial Investments - Debt Securities	-	-	-	-	-	-	-	-	-	-
Loans and Advances	-	-	-	-	1,757,158,784	1,188,546,845	-	-	1,757,158,784	1,188,546,843
Lease rentals receivable & Stock out on Hi	-	-	-	-	3,287,646,314	3,596,251,779	-	-	3,287,646,314	3,596,251,779
Financial Investments - Available for Sale	-	-	-	-	-	-	80,400	80,400	80,400	80,400
Financial Investments - Held to Maturity	-	-	227,974,535	21,669,813	-	-	-	-	227,974,535	21,669,813
Other financial assets	-	-	-	-	91,534,801	73,802,179	-	-	91,534,801	73,802,180
Total Financial Assets	8,093,703	6,915,241	227,974,535	21,669,813	6,268,440,716	5,786,242,790	80,400	80,400	6,504,589,354	5,814,908,243

OFL
Total

Liabilities	30.09.2016	31.03.2016	30.09.2016	31.03.2016	30.09.2016	31.03.2016
	Rs.	Rs.				
Due to Banks	304,832,490	47,004,092			304,832,490	47,004,092
Due to Customers	5,089,656,961	4,539,362,221			5,089,656,961	4,539,362,221
Debt Instruments Issued & Other borrowed	-	31,110,631			-	31,110,631
Other Financial Liabilities	467,901,175	837,025,511			467,901,175	837,025,511
Total Financial Liabilities	5,862,390,626	5,454,502,455			5,862,390,626	5,454,502,455

HFT - Held for Trading

HTM - Held to Maturity

L & R - Loans and Receivables

AFS - Available for Sale

OFL - Other Financial Liabilities

ABANS FINANCE PLC

FINANCIAL REPORTING BY SEGMENT

	Leasing		Hirepurchase		Term Loans		Others		Total	
FOR THE PERIOD ENDED 30 SEPTEMBER	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Interest Income	453,250,008	438,632,174	13,743,990	35,439,502	209,764,381	67,773,738	41,285,937	31,646,668	718,044,316	573,492,083
Fee Based Income & Others	25,444,418	64,421,649	419,612	667,525	13,287,313	2,045,626	3,671,236	1,005,072	42,822,580	68,139,872
Unallocated Income							6,439,584	5,975,661	6,439,584	5,975,661
Total Revenue	478,694,426	503,053,823	14,163,602	36,107,028	223,051,694	69,819,364	51,396,758	38,627,401	767,306,480	647,607,616
Interest Expences	(158,393,981)	(139,204,213)	(4,344,462)	(13,298,512)	(69,637,804)	(26,956,417)	(49,087,178)	(47,653,620)	(281,463,426)	(227,112,762)
Fee Based Expences & Others	(17,859,801)	(34,152,789)	-	-	(171,508)	(68,663)	(14,457,896)	(10,640,812)	(32,489,205)	(44,862,263)
Impairment Reversal / (Provision)	(32,977,007)	(58,333,919)	8,128,884	(7,488,784)	(15,383,884)	486,448	(51,439,727)	(30,924,343)	(91,671,734)	(96,260,597)
Net Operating Income	269,463,636	271,362,902	17,948,024	15,319,732	137,858,498	43,280,733	(63,588,043)	(50,591,373)	361,682,115	279,371,994
Unallocated Expenses									(249,210,283)	(184,835,570)
Profits/ (Loss) before Tax									112,471,832	94,536,424
Income Tax expenses									(35,890,827)	(27,420,000)
Net Profit / (Loss) for the period									76,581,005	67,116,424
Segment Assets	3,211,561,062	3,622,224,435	76,085,252	232,471,194	1,757,158,784	557,293,666	1,112,368,404	1,126,031,132	6,157,173,502	5,538,020,426
Unallocated Assets									611,035,342	380,547,287
Total Assets	3,211,561,062	3,622,224,435	76,085,252	232,471,194	1,757,158,784	557,293,666	1,112,368,404	1,126,031,132	6,768,208,845	5,918,567,713
Unallocated Liabilities									6,768,208,845	5,918,567,713
Total Liabilities									6,768,208,845	5,918,567,713

ABANS FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2016

(a). MARKET VALUE PER SHARE FOR THE QUARTER ENDED,

	30th September 2016	31st March 2016
Highest	Rs.58.50	Rs.45.00
Lowest	Rs.39.00	Rs.31.00
Closing	Rs.45.50	Rs.38.20

(b).

These Interim Financial Statements have been prepared in accordance with LKAS 34 - Interim Financial Reporting and present information required by Listing Rules of Colombo Stock Exchange. These Financial Statements are drawn up from the unaudited financial Statements of the company unless otherwise indicated.

There were no changes to the Accounting Policies and method of computation since the publication of the Audited Financial Statements for the year ended 31st March 2016.

(c). COMMITMENTS AND CONTINGENCIES

There were no significant capital commitments as at the reporting date.

(d). PUBLIC HOLDING

- Public Share holding as at 30th September 2016 is, 10.13%
- Number of Public Share Holders as at 30th September 2016 is, 758.

(e). EVENTS OCCURRING AFTER THE REPORTING DATE

At the Extra Ordinary General Meeting held on 30th September 2016, the shareholders of the Company has approved a Special Resolution in relation to an issue of 11,067,978 Ordinary Voting Shares ranking pari passu in all respects with and identical to the existing Shares of the Company to Ironwood Investment Holding (Pvt.) Ltd. by way of a Private Placement of Shares in full and final satisfaction of its investment in the Company of Sri Lanka Rupees Two Hundred and Seventy Six Million Six Hundred and Ninety Nine Thousand and Four Hundred and Fifty (Rs. 276,699,450/-) at a price of Sri Lanka Rupees Twenty Five (Rs. 25.00) per Ordinary Voting Share.

(f). DIRECTORS AND CEO'S SHAREHOLDING

Name of the Director	30th September 2016	
	No.of Shares	(%)
Mr. R Pestonjee	183,884 *	0.41
Mr. C D Pathirana	NIL	-
Mr. K B Wanigasekara	NIL	-
Mr. V K Choksy	NIL	-
Mr. A S Ratnayake	NIL	-

* This includes 24,000 Shares Held Jointly.

ABANS FINANCE PLC**NOTES TO THE FINANCIAL STATEMENTS (Cont.)
FOR THE PERIOD ENDED 30 SEPTEMBER 2016****(g). TWENTY LARGEST SHAREHOLDERS**

Name Of The Shareholder	30th September 2016	
	No.Of Shares	(%)
1 Abans PLC	39,717,534	89.45
2 Mr. P N Pestonjee	759,600	1.71
3 Mr. K Kunenthiran	472,968	1.07
4 Mr. P K Pestonjee	444,120	1.00
5 Mrs. C V Sumanadasa	444,000	1.00
6 Mrs. S C Henagama Gamage	444,000	1.00
7 Mr. B Pestonjee	256,800	0.58
8 Mr. R Pestonjee	183,884	0.41
9 Mrs. S Dubash	160,353	0.36
10 A B Cold Storage (Private) Limited	120,000	0.27
11 Cleantech (Pvt) Ltd	120,000	0.27
12 AB Securitas (Private) Limited	120,000	0.27
13 Mr. J S A Perera and Mrs R N Perera	68,316	0.15
14 Mrs. A Pestonjee	66,667	0.15
15 Mrs. H I Salgado	66,600	0.15
16 Mr. G C Goonetilleke	48,105	0.11
Nation Lanka Capital Ltd /		
17 Karagoda Loku Gamage Udayananda	32,300	0.07
18 Miss. M F F Safina	30,624	0.07
19 Mr. R E Rambukwelle	30,517	0.07
20 Dr. K Poologasundram	30,000	0.07
	43,616,388	98.24
Others	783,612	1.76
TOTAL	44,400,000	100.00

ABANS FINANCE PLC
SIX MONTHS FINANCIAL DATA & KEY PERFORMANCE INDICATORS
FOR THE SIX MONTHS ENDED SEPTEMBER

	2016 Rs.'000	2015 Rs.'000	AS AT 30 SEPTEMBER	2016 Rs.'000	2015 Rs.'000	INDICATOR AS AT SEPTEMBER	2016	2015
Income	767,306	647,608	Assets			Regulatory Capital Adequacy		
Interest Income	718,044	573,492	Cash and Bank Balances	318,062	85,995	Core Capital (Tier 1 Capital) Rs.'000	779,525	504,740
Interest Expenses	(281,463)	(227,113)	Placements with Banks	385,726	242,164	Total Capital Base Rs.'000	776,209	504,740
Net Interest Income	436,581	346,379	Financial Assets - Held for Trading	8,094	7,767	Core Capital to Risk weighted Asset Ratio % (Minimum 5%)	14.60	10.70
Fee and Commission Income	39,151	67,135	Financial Investments - Debt Securities	-	50,618	Total Capital to Risk weighted Asset Ratio % (Minimum 10%)	14.54	10.70
Fee and Commission Expenses	(32,489)	(44,862)	Loans and Receivables - Leases	3,211,561	3,622,204	Capital Funds to Total Deposit Liabilities Ratio (Minimum 10%)	17.20	12.91
Net Fee and Commission Income	6,662	22,273	Loans and Receivables - Hire Purchase	76,085	224,264	Asset Quality (Quality Of Loan Portfolio)		
Net Gain/(Loss) From Trading	1,309	542	Loans and Receivables - Others	1,757,159	557,294	Gross Non Performing Accommodations, Rs.'000 *	534,938	638,782
Other Operating Income (net)	8,802	6,438	Financial Investments - Available for Sale	80	100,105	Gross Non Performing Accommodations, Ratio (%) *	9.97	13.45
Total Operating Income	453,354	375,633	Financial Investments - Held to Maturity	656,287	766,017	Net-Non Performing Accommodations, Ratio (%) *	5.38	8.61
Impairment (Charges) / Reversal	(91,672)	(96,261)	Other Financial Assets	91,535	61,218	<i>* Computed as per the CBSL Guidelines (Net of IIS)</i>		
Net Operating Income	361,682	279,372	Real Estate Stock	70,356	67,231	Profitability		
Operating Expenses			Other Non Financial Assets	35,389	47,910	Interest Margin (%)	13.52	12.96
Personnel Costs	(104,417)	(64,766)	Tax Recoverable	-	-	Return on Average Assets (%) (Before Tax)	3.48	3.54
Depreciation of Property, Plant & Equipment	(7,223)	(4,682)	Intangible Assets	20,906	10,362	Return on Average Equity (%) (After Tax)	20.56	24.00
Amortization of Intangible Assets	(1,175)	(3,950)	Property, Plant & Equipment	75,550	56,972	Regulatory Liquidity (Rs. '000)		
Other Operating Expenses	(115,472)	(97,376)	Deferred Tax Asset	61,420	18,446	Required Minimum amount of Liquid Assets	510,791	460,050
Operating Profit before Value Added Tax on FS	133,395	108,598	Total Assets	6,768,209	5,918,568	Available amount of Liquid Assets	1,379,767	1,072,542
Value Added Tax on Financial Services	(20,924)	(14,062)	Liabilities			Required Minimum amount of Government Securities	330,935	245,025
Profit before Taxation from Operations	112,472	94,536	Due to Banks	304,832	191,280	Available amount of Government Securities	629,161	742,163
Provision for Income Taxation	(35,891)	(27,420)	Due to Customers	5,089,657	4,583,614	Memorandum Information		
Profit for the Period	76,581	67,116	Debt Inst. Issued and Other Borrowed Funds	-	-	Number of Employees	369	316
Other Comprehensive Income		(106)	Other Financial Liabilities	467,901	516,458	No Of Branches	10	10
Other Comprehensive Income for the Period, Net of Tax		(106)	Other Non Financial Liabilities	8,005	7,776	No Of Service Centers	13	11
Total Comprehensive Income for the Period	76,581	67,011	Retirement Benefit Liability	16,850	12,316			
Basic/ Diluted Earnings Per Share (Rs)	1.77	1.81	Current Tax Liabilities	5,643	15,241			
			Deferred Tax Liability	-	-			
			Total Liabilities	5,892,888	5,326,687			
			Shareholders' Funds					
			Stated Capital	567,374	382,374			
			Statutory Reserve	62,554	44,529			
			Investment Fund	-	-			
			Retained Earnings	245,393	164,954			
			Reserve on Available for Sale Financial Instruments	-	25			
			Total Shareholders' Funds	875,321	591,881			
			Total Liabilities and Shareholders' Funds	6,768,209	5,918,568			