

ABANS FINANCE PLC

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

30 SEPTEMBER 2018



ABANS FINANCE PLC
STATEMENT OF COMPREHENSIVE INCOME

	For the Six Months Ended September			For the Quarter Ended September		
	2018 Rs.	2017 Rs.	Change	2018 Rs.	2017 Rs.	Change
Income	1,000,112,138	890,040,177	12%	485,260,610	451,384,587	8%
Interest Income	907,127,463	799,500,750	13%	443,238,959	403,421,195	10%
Interest Expenses	(435,659,320)	(368,556,826)	18%	(213,110,176)	(189,708,739)	12%
Net Interest Income	471,468,143	430,943,924	9%	230,128,783	213,712,455	8%
Fee and Commission Income	85,918,101	78,304,423	10%	38,501,418	41,087,820	-6%
Fee and Commission Expenses	(59,409,996)	(67,515,332)	-12%	(25,136,799)	(35,701,638)	-30%
Net Fee and Commission Income	26,508,105	10,789,092	146%	13,364,619	5,386,182	148%
Net Gain/(Loss) From Trading	206,400	1,676,752	-88%	206,400	68,659	201%
Other Operating Income (net)	6,860,174	10,558,252	-35%	3,313,833	6,806,913	-51%
Total Operating Income	505,042,822	453,968,020	11%	247,013,636	225,974,210	9%
Impairment (Charges) / Reversal	(146,962,757)	(78,687,168)	87%	(73,736,493)	(6,689,798)	1002%
Net Operating Income	358,080,065	375,280,851	-5%	173,277,142	219,284,412	-21%
Operating Expenses						
Personnel Costs	(135,570,969)	(123,899,620)	9%	(66,982,961)	(62,678,860)	7%
Other Operating Expenses	(157,512,641)	(142,799,598)	10%	(81,849,956)	(74,073,473)	10%
Operating Profit/(Loss) before VAT on FS	64,996,455	108,581,634	-40%	24,444,225	82,532,079	-70%
Value Added Tax on Financial Services	(25,458,427)	(30,390,117)	-16%	(11,172,333)	(18,897,588)	-41%
Profit / (Loss) before Taxation from Operations	39,538,028	78,191,517	-49%	13,271,892	63,634,491	-79%
Income Tax (Expence)/Reversal	(11,861,408)	(22,915,703)	-48%	(3,981,567)	(17,712,881)	-78%
Profit/(Loss) for the Period	27,676,620	55,275,814	-50%	9,290,325	45,921,610	-80%
Other Comprehensive Income						
Net Other Comprehensive Income to be re classified to profit or loss	-	-		-	-	
Other Comprehensive Income not To Be Classified to Profit or Loss						
Actuarial Gains/(Losses) on Defined Benefit Plan				-	-	
Deferred Tax effect on above				-	-	
Net Other Comprehensive Gain/Loss not to be re classified to profit or loss	-	-		-	-	
Other Comprehensive Income for the Period, Net of Tax	-	-		-	-	
Total Comprehensive Income for the Period	27,676,620	55,275,814	-50%	9,290,325	45,921,610	-80%
Earnings Per Share	0.42	0.88		0.14	0.69	

The figures presented above are provisional and subject to Audit.

02 November 2018
Colombo

ABANS FINANCE PLC**STATEMENT OF FINANCIAL POSITION**

AS AT 30 SEPTEMBER 2018

	Change	SEPTEMBER '2018 Rs.	MARCH '2018 Rs. (Audited)
Assets			
Cash and Bank Balances	-4%	389,417,201	405,474,541
Placements with Banks	-22%	428,434,771	550,601,090
Securities Purchased under Repurchase Agreement	-30%	252,839,507	362,248,075
Loans and Advances	-13%	2,125,128,673	2,435,821,344
Lease Rentals Receivable & Stock Out on Hire	7%	4,825,168,457	4,492,296,195
Financial Investments - Available for Sale		80,400	80,400
Financial Investments - Held to Maturity	-6%	226,250,835	239,630,135
Other Financial Assets	37%	213,271,607	155,935,006
Real Estate Stock	-13%	50,793,213	58,049,675
Other Non Financial Assets	-1%	73,546,767	74,538,359
Tax Recoverable		18,428,592	19,422,858
Intangible Assets	-7%	19,611,204	21,098,350
Property, Plant & Equipment	0%	89,459,205	89,641,860
Deferred Tax Asset		52,586,166	52,586,166
Total Assets	-2%	8,765,016,598	8,957,424,054
Liabilities			
Due to Banks	57%	342,792,464	218,381,026
Due to Customers	-7%	6,131,651,192	6,615,159,367
Other Financial Liabilities	27%	664,498,500	525,278,976
Other Non Financial Liabilities	-12%	10,634,147	12,064,037
Retirement Benefit Liability	6%	20,135,747	18,912,720
Total Liabilities	-3%	7,169,712,050	7,389,796,126
Shareholders' Funds			
Stated Capital	0%	1,121,412,955	1,121,412,955
Statutory Reserve	0%	108,239,567	108,239,567
Retained Earnings	8%	365,652,026	337,975,406
Total Shareholders' Funds	2%	1,595,304,548	1,567,627,928
Total Liabilities and Shareholders' Funds	-2%	8,765,016,598	8,957,424,054
Commitments and Contingencies		136,285,060	144,325,714
Net Assets Per Share		23.97	23.55

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 2007

Ivon Brohier (Sgnd.)
Chief Financial Officer

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

Roshan Nanayakkara (Sgnd.)
Director

Rusi Pestonjee (Sgnd.)
Director

02 November 2018
Colombo

ABANS FINANCE PLC
STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED

	Stated Capital Rs.	Retained Earnings Rs.	Statutory Reserve Rs.	Total Rs.
Balance as at 1 April 2017	844,073,080	276,925,847	89,266,829	1,210,265,756
Issue of Shares	277,339,875	-	-	277,339,875
Direct Cost of Right Issue	-	(631,142)	-	-631,142
Dividend Declaration	-	(13,312,315)	-	-13,312,314.60
Net Profit / (Loss) for the Period	-	55,275,814	-	55,275,814
Balance as at 30 September 2017	<u>1,121,412,955</u>	<u>318,258,205</u>	<u>89,266,829</u>	<u>1,528,937,989</u>
Balance as at 1 April 2018	1,121,412,955	337,975,406	108,239,567	1,567,627,927
Net Profit / (Loss) for the Period	-	27,676,620	-	27,676,620
Balances as at 30 September 2018	<u>1,121,412,955</u>	<u>365,652,026</u>	<u>108,239,567</u>	<u>1,595,304,548</u>

02 November 2018
Colombo

ABANS FINANCE PLC**CASH FLOW STATEMENT**

FOR THE PERIOD ENDED

	30th September 2018 Rs.	30th September 2017 Rs.
Cash Flows From / (Used in) Operating Activities		
Profit / (Loss) Before Income Tax Expense	39,538,028	78,191,517
Adjustments for		
Depreciation	11,770,179	9,754,460
Amortisation of Intangible Assets	1,487,145	1,487,145
Impairment Chargers	146,962,757	78,687,168
Loss/(Profit) from Sale of Investments	-	168,046
Diminution/(Appreciation) in value of investments	-	(1,561,557)
Loss/(Profit) on Disposal of Property, Plant & Equipment	-	(1,179,365)
Provision/(reversal) for Defined Benefit Plans	3,630,377	1,200,000
Dividend Received	(206,400)	(283,241)
Operating Profit before Working Capital Changes	203,182,086	166,464,173
(Increase)/Decrease in Real Estate Stock	7,256,462	5,986,142
(Increase)/Decrease in Loans and Advances	289,149,002	(265,619,826)
(Increase)/Decrease in Lease Rentals Receivable & Stock out on hire	(396,528,600)	(456,159,453)
(Increase)/Decrease in Other Financial Assets	(119,099,352)	(89,185,122)
(Increase)/Decrease in Other Non Financial Assets	991,592	(20,641,943)
Increase/(Decrease) in Amounts Due to Customers	(483,508,174)	230,401,229
Increase/(Decrease) in Other Financial Liabilities	139,219,525	73,882,925
Increase/(Decrease) in Other Non Financial Liabilities	(1,429,890)	(2,029,989)
Cash Generated from Operations	(360,767,350)	(356,901,863)
Retirement Benefit Liabilities Paid	(2,467,100)	(444,400)
Taxes Paid	(10,807,384)	(14,924,852)
Net Cash From/(Used in) Operating Activities	(374,041,833)	(372,271,116)
Cash Flows from / (Used in) Investing Activities		
Acquisition of Property, Plant & Equipment	(11,587,523)	(13,008,052)
Acquisition of Intangible Assets	-	(1,391,597)
Proceeds from Sales of Property, Plant & Equipment	-	4,387,500
Proceeds from Sale of Financial Investments Held -for-Trading	-	9,022,642
Sale/(Purchase) of Placement with banks	(30,891,609)	(2,543)
Sale/(Purchase) of Financial Investments-Held to Maturity	13,379,299	(254,601,190)
Dividends Received	206,400	283,241
Net Cash Flows from/(Used in) Investing Activities	(28,893,433)	(255,310,000)
Cash Flows from / (Used in) Financing Activities		
Repayment of Borrowings	(51,666,667)	(41,666,667)
Cash Flow from Issue of Shares	-	277,339,875
Expences on Right Issue of Shares	-	(631,142)
Net Cash Flows from/(Used in) Financing Activities	(51,666,667)	235,042,066
Net Increase in Cash and Cash Equivalents	(454,601,933)	(392,539,049)
Cash and Cash Equivalents at the beginning of the year	1,008,737,712	999,476,642
Cash and Cash Equivalents at the end of the year	554,135,779	606,937,593

The figures presented above are provisional and subject to Audit.

02 November 2018
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	
	30.09.2018 Rs.	31.03.2018 Rs.	30.09.2018 Rs.	31.03.2018 Rs.	30.09.2018 Rs.	31.03.2018 Rs.	30.09.2018 Rs.	31.03.2018 Rs.	30.09.2018 Rs.	31.03.2018 Rs.
Assets										
Cash and Bank Balances	-	-	-	-	389,417,201	405,474,541	-	-	389,417,201	405,474,541
Placements with Banks	-	-	-	-	428,434,771	550,601,090	-	-	428,434,771	550,601,090
Repurchase Agreements	-	-	-	-	252,839,507	362,248,075	-	-	252,839,507	362,248,075
Financial Investments - Held for Trading	-	-	-	-	-	-	-	-	-	-
Loans and Advances	-	-	-	-	2,125,128,673	2,435,821,344	-	-	2,125,128,673	2,435,821,344
Lease rentals receivable & Stock out on hire	-	-	-	-	4,825,168,457	4,492,296,195	-	-	4,825,168,457	4,492,296,195
Financial Investments - Available for Sale	-	-	-	-	-	-	80,400	80,400	80,400	80,400
Financial Investments - Held to Maturity	-	-	226,250,835	239,630,134	-	-	-	-	226,250,835	239,630,134
Other financial assets	-	-	-	-	213,271,607	155,935,006	-	-	213,271,607	155,935,006
Total Financial Assets	-	-	226,250,835	239,630,134	8,234,260,217	8,402,376,253	80,400	80,400	8,460,591,452	8,642,086,786
	OFL								Total	

Liabilities	30.09.2018 Rs.	31.03.2018 Rs.	30.09.2018 Rs.	31.03.2018 Rs.
	Due to Banks	342,792,464		
Due to Customers	6,131,651,192	6,615,159,367		
Debt Instruments Issued & Other borrowed funds	-	-		
Other Financial Liabilities	664,498,500	525,278,976		
Total Financial Liabilities	7,138,942,157	7,358,819,369		

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	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Interest Income	589,474,734	485,552,197	604,263	3,297,693	251,174,714	237,679,425	65,873,751	72,971,434	907,127,463	799,500,750
Fee Based Income & Others	82,500,514	74,125,290	181,699	189,917	3,235,888	3,989,215	269,247	2,690,836	86,187,348	80,995,257
Unallocated Income							6,797,327	9,544,170	6,797,327	9,544,170
Total Revenue	671,975,249	559,677,487	785,962	3,487,610	254,410,602	241,668,640	72,940,325	85,206,440	1,000,112,138	890,040,177
Interest Expenses	(252,208,714)	(202,399,143)	(746,608)	(1,794,594)	(123,823,016)	(118,712,235)	(58,880,982)	(45,650,854)	(435,659,320)	(368,556,826)
Fee Based Expenses & Others	(50,748,928)	(51,559,673)	-	-	(8,500)	(68,660)	(8,652,569)	(15,886,999)	(59,409,996)	(67,515,332)
Impairment Reversal / (Provision)	(67,580,475)	(6,475,245)	3,924,138	2,649,403	(21,543,669)	(15,150,776)	(61,762,750)	(59,710,550)	(146,962,757)	(78,687,168)
Net Operating Income	301,437,132	299,243,426	3,963,492	4,342,420	109,035,417	107,736,969	(56,355,976)	(36,041,963)	358,080,065	375,280,851
Unallocated Expenses									(318,542,037)	(297,089,334)
Profits/ (Loss) before Tax									39,538,028	78,191,517
Income Tax expenses									(11,861,408)	(22,915,703)
Net Profit / (Loss) for the period									27,676,620	55,275,814
Segment Assets	4,816,773,652	4,107,170,003	8,394,805	25,129,252	2,125,128,673	2,396,145,084	958,318,327	807,025,437	7,908,615,457	7,335,469,777
Unallocated Assets									856,401,141	772,402,778
Total Assets	4,816,773,652	4,107,170,003	8,394,805	25,129,252	2,125,128,673	2,396,145,084	958,318,327	807,025,437	8,765,016,598	8,107,872,555
Unallocated Liabilities									8,765,016,598	8,107,872,555
Total Liabilities									8,765,016,598	8,107,872,555

ABANS FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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

	30th September 2018
Highest	Rs.22.00
Lowest	Rs.16.20
Closing	Rs.17.10

(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.

The accounting policies and methods of computation applied in the preparation of these financial statements are the same as those used in the financial statements for the year ended 31 March 2018.

SLFRS 9 -Financial Instruments

The Sri Lanka Accounting Standard SLFRS 9 Financial Instruments is applicable for the annual financial statements of the entity beginning on 1 April 2018. The impact of the application of SLFRS 9 on these financial statements has not been quantified.

(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 2018 is, **8.099%**
- Number of Public Share Holders as at 30th September 2018 is, **814**.

(e). MARKET CAPITALIZATION

- Market Capitalization (Rs.) 1,138,202,898
- Float Adjusted Market Capitalization (Rs.) 92,181,996

(f). EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustment or disclosure in the Financial Statements.

ABANS FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (Cont.) FOR THE PERIOD ENDED 30 SEPTEMBER 2018

(g). DIRECTORS SHAREHOLDING

Name of The Director	30th September 2018	
	No.of Shares	(%)
Mr. R Pestonjee	220,660 *	0.33
Mr.R A Nanayakkara	NIL	-
Mr. V K Choksy	NIL	-
Mr. A S Ratnayake	NIL	-
Mr. M P Parekh	NIL	-
Mr. Chanaka Wickramasuriya (Alternate Director to Mr. Mayank Pravin Parekh)	NIL	-

* This includes 28,800 Shares Held Jointly.

(h). TWENTY LARGEST SHAREHOLDERS

Name of The Shareholder	30th September 2018	
	No.of Shares	(%)
1 Abans PLC	33,063,877	49.67%
2 Ironwood Investment Holding Pvt Ltd	27,881,236	41.89%
3 Mr.Peston Nadirshah Pestonjee (Deceased)	911,520	1.37%
4 Able Investments (Private) Limited	806,917	1.21%
5 Mr.Kurusamy Kunenthiran	466,816	0.70%
6 Mrs.Srimathie Chandrakanthi Henagama Gamage	444,000	0.67%
7 Mrs.Champika Vilasini Sumanadasa	444,000	0.67%
8 Mr.Behman Pestonjee	308,160	0.46%
9 Mr.Rusi Pestonjee*	220,660	0.33%
10 Mrs.Saroshi Dubash	192,423	0.29%
11 A B Cold Storage (Pvt) Limited	144,000	0.22%
12 Ab Securitas (Private) Limited	144,000	0.22%
13 Cleantech Pvt Ltd	144,000	0.22%
14 Mrs.Aban Pestonjee	80,000	0.12%
15 Mrs.Helena Irene Salgado	66,600	0.10%
16 Mr.Gajath Chrysantha Goonetilleke	48,105	0.07%
17 Seylan Bank PLC /Karagoda Loku Gamage Udayananda	38,004	0.06%
18 Mr.Ravindra Erle Rambukwelle	37,120	0.06%
19 Miss Mohamed Farook Fathima Safina	36,748	0.06%
20 Dr.Kandasamy Poologasundram	36,000	0.05%
	65,514,186	98.43%
Others	1,047,387	1.57%
Total	66,561,573	100.00%

(i) CREDIT RATING

BB+(lka)/Stable by FITCH Ratings Lanka Ltd

(j). PRIVATE PLACEMENT PROCEEDS UTILIZATION AS AT 30.09.2018 (LISTED ON 18th NOVEMBER 2016)

Objective Number	Objective as per Circular	Amount allocated as per Circular in LKR	Proposed date of utilization as per Circular	Amount allocated from proceeds in LKR (A)	Percentage of total proceeds	Amount utilized in LKR (B)	Percentage Utilized against allocation (B/A)	Clarification if funds are not fully utilized including where the funds are invested (Eg; whether lent to related party/s etc.)
1	To expand the lending activities of the Company	246,699,450	3rd Quarter 2016/2017	246,699,450.00	89%	246,699,450.00	100%	-
2	Investment in IT systems (Hardware and Software)	30,000,000	3rd Quarter 2016/2017	30,000,000.00	11%	27,544,708.65	92%	Remaining funds are invested in Placements with Banks
		276,699,450		276,699,450.00	100%			

ABANS FINANCE PLC
FINANCIAL DATA & KEY PERFORMANCE INDICATORS - FOR THE SIX MONTHS ENDED SEPTEMBER 2018

FOR THE SIX MONTHS ENDED SEPTEMBER	2018 Rs.'000	2017 Rs.'000	AS AT 30 SEPTEMBER	2018 Rs.'000	2017 Rs.'000	INDICATOR FOR THE SIX MONTHS ENDED SEPTEMBER	2018	2017
Income	1,000,112	890,040	Assets			Regulatory Capital Adequacy		
Interest Income	907,127	799,501	Cash and Bank Balances	389,417	393,894	Core Capital (Tier 1 Capital) Rs.'000	1,507,488	1,454,294
Interest Expenses	(435,659)	(368,557)	Placements with Banks	428,435	96,675	Total Capital Base Rs.'000	1,507,488	1,454,294
Net Interest Income	471,468	430,944	Loans and Receivables - Leases	4,816,774	4,107,170	Core Capital to Risk weighted Asset Ratio % (Minimum 5%)	20.60	21.44
Fee and Commission Income	85,918	78,304	Loans and Receivables - Hire Purchase	8,395	25,129	Total Capital to Risk weighted Asset Ratio % (Minimum 10%)	20.60	21.44
Fee and Commission Expenses	(59,410)	(67,515)	Loans and Receivables - Others	2,125,129	2,396,145	Capital Funds to Total Deposit Liabilities Ratio (Minimum 10%)	26.02	26.45
Net Fee and Commission Income	26,508	10,789	Financial Investments - Available for Sale	80	80	Asset Quality (Quality of Loan Portfolio)		
Net Gain/(Loss) From Trading	206	1,677	Financial Investments - Held to Maturity	479,090	650,286	Gross Non Performing Accommodations, Rs.'000 *	1,044,396	805,873
Other Operating Income (net)	6,860	10,558	Other Financial Assets	213,272	137,982	Gross Non Performing Accommodations, Ratio (%) *	13.56	11.39
Total Operating Income	505,043	453,968	Real Estate Stock	50,793	60,065	Net-Non Performing Accommodations, Ratio (%) *	3.93	3.39
Impairment (Charges) / Reversal	(146,963)	(78,687)	Other Non Financial Assets	73,547	61,367	* Computed as per the CBSL Guidelines		
Net Operating Income	358,080	375,281	Tax Recoverable	18,429	12,819	Profitability		
Operating Expenses			Intangible Assets	19,611	22,585	Interest Margin (%)	5.32	5.53
Personnel Costs	(135,571)	(123,900)	Property, Plant & Equipment	89,459	85,875	Return on Average Assets (%) (Before Tax)	0.45	1.00
Depreciation of Property, Plant & Equipment	(11,770)	(9,754)	Deferred Tax Asset	52,586	57,800	Return on Average Equity (%) (After Tax)	1.75	4.04
Amortization of Intangible Assets	(1,487)	(1,487)	Total Assets	8,765,017	8,107,873	Regulatory Liquidity (Rs. '000)		
Other Operating Expenses	(144,255)	(131,558)	Liabilities			Required Minimum amount of Liquid Assets	616,178	580,301
Operating Profit before Value Added Tax on FS	64,996	108,582	Due to Banks	342,792	200,410	Available amount of Liquid Assets	1,251,378	1,113,960
Value Added Tax on Financial Services	(25,458)	(30,390)	Due to Customers	6,131,651	5,780,954	Required Minimum amount of Government Securities	454,839	386,007
Profit before Taxation from Operations	39,538	78,192	Other Financial Liabilities	664,499	569,845	Available amount of Government Securities	458,659	608,000
Provision for Income Taxation	(11,861)	(22,916)	Other Non Financial Liabilities	10,634	11,832	Memorandum Information		
Profit for the Period	27,677	55,276	Retirement Benefit Liability	20,136	15,894	Number of Employees	382	374
Other Comprehensive Income			Total Liabilities	7,169,712	6,578,935	No of Branches	10	10
Actuarial Gains/(Losses) on Defined Benefit Plan	-	-	Shareholders' Funds			No of Service Centers	13	13
Deferred Tax effect of above	-	-	Stated Capital	1,121,413	1,121,413			
Other Comprehensive Income for the Period, Net of Tax	-	-	Statutory Reserve	108,240	89,267			
Total Comprehensive Income for the Period	27,677	55,276	Retained Earnings	365,652	318,258			
Basic/ Diluted Earnings Per Share (Rs)	0.42	0.88	Total Shareholders' Funds	1,595,305	1,528,938			
			Total Liabilities and Shareholders' Funds	8,765,017	8,107,873			