

# **ABANS FINANCE PLC**

## **INTERIM FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED**

**31 MARCH 2019**



**ABANS FINANCE PLC**
**STATEMENT OF COMPREHENSIVE INCOME**

	For the Twelve Months Ended March			For the Quarter Ended March		
	2019 Rs. Unaudited	2018 Rs. Unaudited	Change	2019 Rs. Unaudited	2018 Rs. Unaudited	Change
Income	1,978,548,890	1,917,670,595	3%	498,799,741	515,355,193	-3%
Interest Income	1,820,102,486	1,711,585,708	6%	468,116,040	458,370,628	2%
Interest Expenses	(860,326,072)	(813,594,238)	6%	(214,438,876)	(226,908,124)	-5%
<b>Net Interest Income</b>	<b>959,776,414</b>	<b>897,991,469</b>	7%	<b>253,677,164</b>	<b>231,462,505</b>	10%
Fee and Commission Income	144,729,403	185,717,691	-22%	28,543,350	52,946,957	-46%
Fee and Commission Expenses	(74,074,243)	(143,550,479)	-48%	(6,944,841)	(32,913,196)	-79%
<b>Net Fee and Commission Income</b>	<b>70,655,160</b>	<b>42,167,212</b>	68%	<b>21,598,509</b>	<b>20,033,761</b>	8%
Net Gain/(Loss) From Trading	206,400	1,676,965	-88%	-	-	-
Other Operating Income (net)	13,510,601	18,690,232	-28%	2,140,245	4,037,608	-47%
<b>Total Operating Income</b>	<b>1,044,148,576</b>	<b>960,525,878</b>	9%	<b>277,415,919</b>	<b>255,533,874</b>	9%
Credit loss Expense/Impairment (Charges) / Reversal	(301,980,973)	(223,102,119)	35%	(61,538,780)	(77,914,447)	-21%
<b>Net Operating Income</b>	<b>742,167,602</b>	<b>737,423,758</b>	1%	<b>215,877,138</b>	<b>177,619,426</b>	22%
<b>Operating Expenses</b>						
Personnel Costs	(239,637,005)	(256,394,681)	-7%	(67,214,754)	(69,206,974)	-3%
Other Operating Expenses	(321,369,195)	(289,425,140)	11%	(77,220,032)	(69,749,795)	11%
<b>Operating Profit before Value Added Tax on FS &amp; Levy</b>	<b>181,161,402</b>	<b>191,603,937</b>	-5%	<b>71,442,352</b>	<b>38,662,657</b>	85%
Debt Repayment Levy	(16,287,534)	-		(10,523,169)	-	
Value Added Tax on Financial Services	(53,994,316)	(58,654,511)	-8%	(17,610,803)	(15,300,872)	15%
<b>Profit / (Loss) before Taxation from Operations</b>	<b>110,879,552</b>	<b>132,949,427</b>	-17%	<b>43,308,380</b>	<b>23,361,785</b>	85%
Income Tax (Expense)/Reversal	(76,372,764)	(38,085,738)	101%	(56,101,202)	(6,180,356)	808%
<b>Profit/(Loss) for the Period</b>	<b>34,506,788</b>	<b>94,863,689</b>	-64%	<b>(12,792,822)</b>	<b>17,181,429</b>	-174%
<b>Other Comprehensive Income</b>						
<b>Net Other Comprehensive Income to be re classified to profit or loss</b>	-	-		-	-	
<b>Other Comprehensive Income not To Be Classified to Profit or Loss</b>						
Actuarial Gains/(Losses) on Defined Benefit Plan	3,316,624	(1,247,133)		3,316,624	(1,247,133)	
Deferred Tax effect on above	(928,655)	349,197		(928,655)	349,197	
<b>Net Other Comprehensive Gain/Loss not to be re classified to profit or loss</b>	<b>2,387,969</b>	<b>(897,936)</b>		<b>2,387,969</b>	<b>(897,936)</b>	
<b>Other Comprehensive Income for the Period, Net of Tax</b>	<b>2,387,969</b>	<b>(897,936)</b>		<b>2,387,969</b>	<b>(897,936)</b>	
<b>Total Comprehensive Income for the Period</b>	<b>36,894,757</b>	<b>93,965,753</b>	-61%	<b>(10,404,852)</b>	<b>16,283,494</b>	-164%
<b>Earnings Per Share</b>	<b>0.52</b>	<b>1.45</b>		<b>0.19</b>	<b>0.26</b>	

The figures presented above are provisional and subject to Audit.

30 May 2019  
Colombo

**ABANS FINANCE PLC****STATEMENT OF FINANCIAL POSITION**

AS AT 31 MARCH 2019

	Change	MARCH '2019 Rs. (Unaudited)	MARCH '2018 Rs. (Unaudited)
<b>Assets</b>			
Cash and Bank Balances	-35%	263,517,684	405,474,541
Placements with Banks	-55%	249,659,017	550,601,090
Securities Purchased under Repurchase Agreement	-22%	281,537,224	362,248,075
Loans and Advances	-13%	2,137,689,456	2,447,085,638
Lease Rentals Receivable & Stock Out on Hire	16%	5,255,012,280	4,547,537,097
Financial Investments - Available for Sale		-	80,400
Equity instruments at fair value through OCI		80,400	-
Financial Investments - Held to Maturity		-	239,630,135
Debt instruments at amortised cost		235,914,339	-
Other Financial Assets	88%	168,139,950	89,429,809
Real Estate Stock	-13%	50,793,213	58,049,675
Other Non Financial Assets	-14%	64,153,394	74,538,359
Tax Recoverable		6,102,688	19,422,858
Intangible Assets	55%	32,758,833	21,098,350
Property, Plant & Equipment	-5%	85,287,697	89,641,860
Deferred Tax Asset		31,627,778	52,586,166
<b>Total Assets</b>	-1%	<b>8,862,273,955</b>	<b>8,957,424,054</b>
<b>Liabilities</b>			
Due to Banks	134%	511,760,291	218,381,026
Due to Customers	-12%	5,792,966,524	6,615,159,367
Debt Inst. Issued and Other Borrowed Funds		420,593,845	-
Other Financial Liabilities	6%	555,894,434	525,278,976
Other Non Financial Liabilities	55%	18,741,950	12,064,037
Retirement Benefit Liability	-8%	17,471,182	18,912,720
<b>Total Liabilities</b>	-1%	<b>7,317,428,226</b>	<b>7,389,796,126</b>
<b>Shareholders' Funds</b>			
Stated Capital		1,121,412,955	1,121,412,955
Statutory Reserve	6%	115,140,925	108,239,567
Retained Earnings	-9%	308,291,848	337,975,406
<b>Total Shareholders' Funds</b>	-1%	<b>1,544,845,728</b>	<b>1,567,627,929</b>
<b>Total Liabilities and Shareholders' Funds</b>	-1%	<b>8,862,273,955</b>	<b>8,957,424,054</b>
<b>Commitments and Contingencies</b>		<b>119,300,467</b>	<b>144,325,714</b>
<b>Net Assets Per Share</b>		<b>23.21</b>	<b>23.55</b>

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

30 May 2019  
Colombo

**ABANS FINANCE PLC**  
**STATEMENT OF CHANGES IN EQUITY**

	<i>Unaudited</i>			
FOR THE PERIOD ENDED				
	<b>Stated Capital Rs.</b>	<b>Retained Earnings Rs.</b>	<b>Statutory Reserve Rs.</b>	<b>Total Rs.</b>
<b>Balance as at 1 April 2017</b>	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)	-	(13,312,315)
Net Profit / (Loss) for the Period	-	94,863,689	-	94,863,689
Other Comprehensive Income Net of Tax	-	(897,936)	-	(897,936)
Transfer to / (from) during the Period	-	(18,972,738)	18,972,738	-
<b>Balance as at 31 March 2018</b>	<b>1,121,412,955</b>	<b>337,975,406</b>	<b>108,239,567</b>	<b>1,567,627,928</b>
Impact of adopting SLFRS 09 as at 01 April 2018		(59,676,957)		
<b>Restated Balance under SLFRS 09 as at 01 April 2018</b>	1,121,412,955	278,298,449	108,239,567	1,567,627,928
Net Profit / (Loss) for the Period	-	34,506,788	-	34,506,788
Other Comprehensive Income Net of Tax	-	2,387,969	-	2,387,969
Transfer to / (from) during the Period	-	(6,901,358)	6,901,358	-
<b>Balances as at 31 March 2019</b>	<b>1,121,412,955</b>	<b>308,291,848</b>	<b>115,140,925</b>	<b>1,604,522,685</b>

30 May 2019  
Colombo

**ABANS FINANCE PLC****CASH FLOW STATEMENT**

FOR THE PERIOD ENDED

	<b>31st March 2019 Rs. (Unaudited)</b>	<b>31st March 2018 Rs. (Unaudited)</b>
<b>Cash Flows From / (Used in) Operating Activities</b>		
Profit / (Loss) Before Income Tax Expense	110,879,552	132,949,427
<b>Adjustments for</b>		
Depreciation	23,209,418	20,670,196
Amortisation of Intangible Assets	3,745,813	2,974,290
Impairment Chargers	301,980,973	223,102,119
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	-	(1,182,865)
Provision/(reversal) for Defined Benefit Plans	5,242,796	5,667,867
Dividend Received	(206,400)	(283,453)
Interest Accrued on Borrowings	55,441,542	25,718,824
<b>Operating Profit before Working Capital Changes</b>	<b>500,293,694</b>	<b>408,222,893</b>
(Increase)/Decrease in Real Estate Stock	7,256,462	8,001,017
(Increase)/Decrease in Loans and Advances	278,507,298	(342,664,391)
(Increase)/Decrease in Lease Rentals Receivable & Stock out on hire	(975,963,336)	(845,548,484)
(Increase)/Decrease in Other Financial Assets	(164,097,576)	(184,792,632)
(Increase)/Decrease in Other Non Financial Assets	10,384,964	(33,813,296)
Increase/(Decrease) in Amounts Due to Customers	(822,192,842)	1,064,606,822
Increase/(Decrease) in Other Financial Liabilities	30,615,459	42,629,434
Increase/(Decrease) in Other Non Financial Liabilities	6,677,913	(1,798,337)
Cash Generated from Operations	<b>(1,128,517,964)</b>	<b>114,843,026</b>
Retirement Benefit Liabilities Paid	(3,367,710)	(3,140,600)
Interest paid on Bank and Other Borrowings	(34,819,975)	(25,718,824)
Taxes Paid	(19,815,157)	(31,135,695)
Net Cash From/(Used in) Operating Activities	<b>(1,186,520,806)</b>	<b>54,847,907</b>
<b>Cash Flows from / (Used in) Investing Activities</b>		
Acquisition of Property, Plant & Equipment	(18,855,254)	(27,690,516)
Acquisition of Intangible Assets	(15,406,297)	(1,391,597)
Proceeds from Sales of Property, Plant & Equipment	-	4,391,000
Proceeds from Sale of Financial Investments Held -for-Trading	-	9,022,642
Sale/(Purchase) of Placement with banks	286,034,476	(300,874,398)
Sale/(Purchase) of Financial Investments-Held to Maturity	3,715,796	(1,057,172)
Dividends Received	206,400	283,453
Net Cash Flows from/(Used in) Investing Activities	<b>255,695,121</b>	<b>(317,316,589)</b>
<b>Cash Flows from / (Used in) Financing Activities</b>		
Repayment of Borrowings	(271,383,333)	(91,666,667)
Borrowings from Banks	445,000,000	100,000,000
Borrowings through Securitization	399,972,278	-
Cash Flow from Issue of Shares	-	277,339,875
Expences on Right Issue of Shares	-	(631,142)
Dividend Paid	-	(13,312,315)
Net Cash Flows from/(Used in) Financing Activities	<b>573,588,945</b>	<b>271,729,752</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(357,236,740)</b>	<b>9,261,070</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>1,008,737,712</b>	<b>999,476,642</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>651,500,972</b>	<b>1,008,737,712</b>

The figures presented above are provisional and subject to Audit.

**ABANS FINANCE PLC**
**ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS**
*Unaudited*

	HFT at Fair Value		HTM at Amortized Cost		Amortised Cost	L&R at Amortized Cost	Equity Instruments - FVOCI	AFS at Fair Value	Total	
As at	31.03.2019 Rs.	31.03.2018 Rs.	31.03.2019 Rs.	31.03.2018 Rs.	31.03.2019 Rs.	31.03.2018 Rs.	31.03.2019 Rs.	31.03.2018 Rs.	31.03.2019 Rs.	31.03.2018 Rs.
<b>Assets</b>										
Cash and Bank Balances	-	-	-	-	263,517,684	405,474,541	-	-	263,517,684	405,474,541
Placements with Banks	-	-	-	-	249,659,017	550,601,090	-	-	249,659,017	550,601,090
Repurchase Agreements	-	-	-	-	281,537,224	362,248,075	-	-	281,537,224	362,248,075
Loans and Advances	-	-	-	-	2,137,689,456	2,447,085,638	-	-	2,137,689,456	2,447,085,638
Lease rentals receivable & Stock out on hire	-	-	-	-	5,255,012,280	4,547,537,097	-	-	5,255,012,280	4,547,537,097
Financial Investments - Available for Sale	-	-	-	-	-	-	80,400	80,400	80,400	80,400
Financial Investments - Held to Maturity	-	-	-	239,630,134	-	-	-	-	-	239,630,134
Debt instruments at amortised cost	-	-	-	-	235,914,339	-	-	-	235,914,339	-
Other financial assets	-	-	-	-	168,139,950	89,429,809	-	-	168,139,950	89,429,809
<b>Total Financial Assets</b>	-	-	-	239,630,134	8,591,469,950	8,402,376,253	80,400	80,400	8,591,550,350	8,642,086,786

**OFL at Amortized Cost**
**Total**

	31.03.2019 Rs.	31.03.2018 Rs.	31.03.2019 Rs.	31.03.2018 Rs.
<b>Liabilities</b>				
Due to Banks	511,760,291	218,381,027	511,760,291	218,381,027
Due to Customers	5,792,966,524	6,615,159,367	5,792,966,524	6,615,159,367
Debt Instruments Issued & Other borrowed funds	420,593,845	-	420,593,845	-
Other Financial Liabilities	555,894,434	525,278,976	555,894,434	525,278,976
<b>Total Financial Liabilities</b>	7,281,215,095	7,358,819,369	7,281,215,095	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

Unaudited

	Leasing		Hirepurchase		Term Loans		Others		Total	
FOR THE PERIOD ENDED 31 MARCH	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Interest Income	1,233,269,527	1,042,219,905	982,608	4,824,287	467,140,076	519,241,078	118,710,274	145,300,438	1,820,102,486	1,711,585,708
Fee Based Income & Others	135,477,967	178,462,964	679,182	349,736	8,572,254	6,904,989	290,993	2,924,820	145,020,397	188,642,509
Unallocated Income							13,426,008	17,442,378	13,426,008	17,442,378
<b>Total Revenue</b>	<b>1,368,747,494</b>	<b>1,220,682,869</b>	<b>1,661,790</b>	<b>5,174,023</b>	<b>475,712,331</b>	<b>526,146,067</b>	<b>132,427,275</b>	<b>165,667,636</b>	<b>1,978,548,890</b>	<b>1,917,670,595</b>
Interest Expenses	(510,610,548)	(442,701,500)	(2,309,773)	(3,419,295)	(240,666,091)	(250,102,272)	(106,739,659)	(117,371,171)	(860,326,072)	(813,594,238)
Fee Based Expenses & Others	(56,902,220)	(109,785,662)	-	-	(33,598)	(83,910)	(17,138,425)	(33,680,907)	(74,074,243)	(143,550,479)
Impairment Reversal / (Provision)	(208,478,865)	(33,430,770)	(1,013,177)	212,836	(7,324,607)	(52,519,081)	(85,164,325)	(137,365,104)	(301,980,974)	(223,102,120)
<b>Net Operating Income</b>	<b>592,755,862</b>	<b>634,764,936</b>	<b>(1,661,160)</b>	<b>1,967,564</b>	<b>227,688,035</b>	<b>223,440,804</b>	<b>(76,615,134)</b>	<b>(122,749,546)</b>	<b>742,167,602</b>	<b>737,423,758</b>
Unallocated Expenses									(631,288,050)	(604,474,332)
<b>Profits/ (Loss) before Tax</b>									<b>110,879,552</b>	<b>132,949,426</b>
Income Tax expenses									(76,372,764)	(38,085,738)
<b>Net Profit / (Loss) for the period</b>									<b>34,506,787</b>	<b>94,863,689</b>
Segment Assets	5,230,224,452	4,473,190,120	24,787,827	19,106,075	2,137,689,456	2,435,821,344	817,903,793	1,210,528,976	8,210,605,530	8,138,646,515
Unallocated Assets									651,668,424	818,777,538
<b>Total Assets</b>	<b>5,230,224,452</b>	<b>4,473,190,120</b>	<b>24,787,827</b>	<b>19,106,075</b>	<b>2,137,689,456</b>	<b>2,435,821,344</b>	<b>817,903,793</b>	<b>1,210,528,976</b>	<b>8,862,273,954</b>	<b>8,957,424,053</b>
Unallocated Liabilities									7,317,428,226	7,389,796,126
<b>Total Liabilities</b>									<b>7,317,428,226</b>	<b>7,389,796,126</b>

**ABANS FINANCE PLC****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2019****(a). MARKET VALUE PER SHARE FOR THE QUARTER ENDED,**

	<b>31 March 2019</b>
Highest	Rs.17.50
Lowest	Rs.14.50
Closing	Rs.15.60

**(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 except described in **note (k)**.

**(c). COMMITMENTS AND CONTINGENCIES**

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

**(d). PUBLIC HOLDING**

- Public Share holding as at 31st March 2019 is, **8.099%**
- Number of Public Share Holders as at 31 March 2019 is, **815**.

**(e). MARKET CAPITALIZATION**

- Market Capitalization (Rs.) 1,038,360,539
- Float Adjusted Market Capitalization (Rs.) 84,095,856

**(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

**(g). DIRECTORS SHAREHOLDING**

<b>Name of The Director</b>	<b>31 March 2019</b>	
	<b>No.of Shares</b>	<b>(%)</b>
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.



**ABANS FINANCE PLC****NOTES TO THE FINANCIAL STATEMENTS (Cont.)  
FOR THE PERIOD ENDED 31 MARCH 2019****(h). TWENTY LARGEST SHAREHOLDERS**

Name of The Shareholder	31 March 2019	
	No.of Shares	(%)
1 Abans PLC	33,063,877	49.67%
2 Ironwood Investment Holding Pvt Ltd	27,881,236	41.89%
3 Mr.P.N.Pestonjee (Deceased)	911,520	1.37%
4 Able Investments (Private) Limited	806,917	1.21%
5 Mr.K.Kunenthiran	466,816	0.70%
6 Mrs.S.C.Henagama Gamage	444,000	0.67%
7 Mrs.C.V.Sumanadasa	444,000	0.67%
8 Mr.B.Pestonjee	308,160	0.46%
9 Mr.R.Pestonjee*	220,660	0.33%
10 Mrs.S.Dubash	192,423	0.29%
11 A B Cold Storage (Pvt) Limited	144,000	0.22%
12 A B Securitas (Private) Limited	144,000	0.22%
13 Cleantech Pvt Ltd	144,000	0.22%
14 Mrs.A.Pestonjee	80,000	0.12%
15 Mrs.H.I.Salgado	66,600	0.10%
16 Mr.G.C.Goonetilleke	48,105	0.07%
17 Seylan Bank Plc/Karagoda Loku Gamage Udayananda	38,004	0.06%
18 Mr.R.E.Rambukwella	37,120	0.06%
19 Miss. M. F. F. Safina	36,748	0.06%
20 Dr. K. Poologasundram	36,000	0.05%
	65,514,186	98.43%
<b>Others</b>	1,047,387	1.57%
<b>Total</b>	<b>66,561,573</b>	<b>100.00%</b>

**(i). CREDIT RATING**

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

**(j). IMPOSING A CAP ON DEPOSITS**

In terms of Section 2.1 of Finance Business Act Direction No. 02 of 2017 – Minimum Core Capital, a cap of Rs. Six Billion on total deposits including accrued interest has been imposed by the Central Bank of Sri Lanka.

**(k). Sri Lanka Accounting Standard-SLFRS 9 on "Financial Instruments"**

The Sri Lanka Accounting Standard–SLFRS 9 on“Financial Instruments”,which replaces the existing guidance on LKAS 39 on “Financial Instruments Recognition and Measurement ”has become effective for annual reporting period beginning on or after January 01,2018

**Classification of Financial Assets & Financial Liabilities**

SLFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and Fair value through Profit & Loss (FVTPL). SLFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

**Impairment of financial assets**

The adoption of SLFRS 9 has fundamentally changed the Company’s accounting for loan loss impairments by replacing LKAS 39’s ‘Incurred Loss’ approach with a forward looking ‘Expected Credit Loss’ (ECL) approach.The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset.

Based on the “Statement of Alternative Treatment( SoAT) on the Figures in the Interim Financial Statements” issued by The Institute of Chartered Accountants of SriLanka,the Company continued to prepare the interim financial statements for the first three quarters of the year 2018/19 with the application of LKAS 39 (Financial Instruments:Recognition and Measurement), along with relevant disclosures on the impact to the Statement of Comprehensive Income for the period, if SLFRS 9 has been applied.

As permitted by the transitional provisions of SLFRS 9, the Company elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities, at the date of transition were recognized in the retained earnings as at 1 April 2018. Accordingly, the information presented for year 2017 /2018 does not reflect the requirements of SLFRS 9 and therefore not comparable to the information presented for the year 2018 /2019 under SLFRS 9.

The total additional impairment provision arising from SLFRS 9 for the year 2018/2019 has been recognised in entirety in the 4th quarter of 2018/2019.The impact of adopting SLFRS 9 at transition date,April 01,2018, on the Statement of Financial Position, and equity are given as follows.

**Transition Disclosure**

The impact of transition to SLFRS 9 on retained earnings, is as follows.

	<b>Retained Earnings Rs.</b>
Closing balance under LKAS 39 as at 31 March 2018	337,975,406
Remeasurement adjustments on adoption of SLFRS 9	
Impact of expected credit losses under SLFRS 9	(82,884,663)
Deferred tax impact on above	23,207,706
Total change in equity due to adoption of SLFRS 9	<u>(59,676,957)</u>
Opening balance under SLFRS 9 as at 01 April 2018	<u>278,298,449</u>

The following table reconciles the aggregate opening loan loss provision allowances under LKAS 39 to the ECL allowances under SLFRS 9.

	<b>Loan loss provision under LKAS 39 as at 31 March 2018 Rs.</b>	<b>Remeasurement Rs.</b>	<b>ECLs under SLFRS 9 as at 01 April 2018 Rs.</b>
Cash and Bank Balances	-	220,652	220,652
Placement With Banks	-	103,621	103,621
Loans and Advances	171,460,468	23,564,277	195,024,745
Lease rentals receivable & Stock out on hire	320,130,687	58,996,112	379,126,799
Other Financial Assets	19,698,194	-	19,698,194
	<u>511,289,350</u>	<u>82,884,663</u>	<u>594,174,012</u>

**ABANS FINANCE PLC**
**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2019**
**Transition Disclosure (Contd..)**

The following set out the impact of adopting SLFRS 9 on the Statement of Financial Position, and retained earnings including the effect of replacing LKAS 39's incurred loss calculations with SLFRS 9's expected credit losses.

A reconciliation between the carrying amounts under LKAS 39 to the balances reported under SLFRS 9 as of 01 April 2018 is, as follows.

	Reference	LKAS 39 Measurement		Reclassification	Remeasurement		SLFRS 9	
		Category	Amount Rs.		Rs.	ECL Rs.	Other Rs.	Amount Rs.
<b>Assets</b>								
Cash and Bank Balances		L&R	405,474,541	-	(220,652)	-	405,253,890	Amortized Cost
Placement With Banks		L&R	550,601,090	-	(103,621)	-	550,497,469	Amortized Cost
Repurchase Agreements		L&R	362,248,075	-	-	-	362,248,075	Amortized Cost
Loans and Advances		L&R	2,447,085,638	-	(23,564,277)	-	2,423,521,361	Amortized Cost
Lease rentals receivable & Stock out on hire		L&R	4,547,537,098	-	(58,996,112)	-	4,488,540,986	Amortized Cost
Financial Investments - Available for Sale	A	AFS	80,400	(80,400)	-	-	-	
Equity instruments at fair value through OCI	A		-	80,400	-	-	80,400	FVOCI
Financial Investments - Held to Maturity	B	HTM	239,630,135	(239,630,135)	-	-	-	
Debt instruments at amortised cost	B		-	239,630,135	-	-	239,630,135	Amortized Cost
Other Financial Assets		L&R	89,429,809	-	-	-	89,429,809	Amortized Cost
Real Estate Stock			58,049,675	-	-	-	58,049,675	
Other Non Financial Assets			74,538,359	-	-	-	74,538,359	
Tax Recoverable			19,422,858	-	-	-	19,422,858	
Property, Plant & Equipment			89,641,860	-	-	-	89,641,860	
Intangible Assets			21,098,350	-	-	-	21,098,350	
Deferred Tax Assets			52,586,166	-	23,207,706	-	75,793,871	
<b>Total Assets</b>			<b>8,957,424,054</b>	<b>-</b>	<b>(59,676,957)</b>	<b>-</b>	<b>8,897,747,097</b>	
<b>Liabilities</b>								
Due to Banks		Amortized Cost	218,381,026	-	-	-	218,381,026	Amortized Cost
Due to Customers		Amortized Cost	6,615,159,367	-	-	-	6,615,159,367	Amortized Cost
Debt Instruments Issued and Other Borrowed Funds		Amortized Cost	-	-	-	-	-	Amortized Cost
Other Financial Liabilities		Amortized Cost	525,278,976	-	-	-	525,278,976	Amortized Cost
Other Non Financial Liabilities			12,064,037	-	-	-	12,064,037	
Retirement Benefit Liability			18,912,720	-	-	-	18,912,720	
<b>Total Liabilities</b>			<b>7,389,796,126</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,389,796,126</b>	
<b>Shareholders' Funds</b>								
Stated Capital			1,121,412,955	-	-	-	1,121,412,955	
Statutory Reserve Fund			108,239,567	-	-	-	108,239,567	
Retained Earnings			337,975,406	-	(59,676,957)	-	278,298,449	
<b>Total Shareholders' Funds</b>			<b>1,567,627,928</b>	<b>-</b>	<b>(59,676,957)</b>	<b>-</b>	<b>1,507,950,971</b>	
<b>Total Liabilities and Shareholders' Funds</b>			<b>8,957,424,054</b>	<b>-</b>	<b>(59,676,957)</b>	<b>-</b>	<b>8,897,747,097</b>	

L&R :Loans & receivables

AFS :Available-for-sale

HTM :Held-to-maturity

FVOCI:Fair value through other comprehensive income

Financial assets previously classified under available for sale category have been reclassified as financial assets fair value through other comprehensive income (FVOCI) upon adoption of SLFRS 9.

As of 01 April 2018, the Company elected to classify its previous held to maturity financial investments as debt instruments measured at amortised cost since these instruments met the "Solely Payments of Principal and Interest" (SPPI) criterion.

**ABANS FINANCE PLC****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2019****(l) SLFRS 15 –Revenue from Contracts with Customers**

The Company has also adopted SLFRS 15 on 01 April 2018 prospectively. The adoption of SLFRS 15 did not impact the timing or amount of fee and commission income from contracts with customers and the related assets and liabilities recognized by the Company. Accordingly, the impact of comparative information is limited to new disclosure requirements.

**(m) Private Placement Proceeds Utilization as at 31.03.2019 (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	89%	246,699,450	100%	-
2	Investment in IT systems (Hardware and Software)	30,000,000	3rd Quarter 2016/2017	30,000,000	11%	30,000,000	100%	-
		<b>276,699,450</b>		<b>276,699,450</b>	<b>100%</b>			