

INTERIM FINANCIAL STATEMENTS

ASIA ASSET FINANCE PLC



ASIA ASSET
FINANCE PLC

The unconventional finance company

For the nine months ended 31st December 2017

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	For the quarter ended			For the nine months ended		
	31.12.2017	31.12.2016	Change	31.12.2017	31.12.2016	Change
	LKR	LKR		LKR	LKR	
	Unaudited*	Reclassified Unaudited*	%	Unaudited*	Reclassified Unaudited*	%
Interest Income	626,347,368	542,430,353	15.5%	1,813,562,274	1,461,323,325	24.1%
Interest Expenses	(325,197,476)	(248,528,659)	30.8%	(912,501,990)	(669,483,048)	36.3%
Net Interest Income	301,149,893	293,901,693	2.5%	901,060,285	791,840,278	13.8%
Net Trading Gain/(Loss) on Equity Securities	(1,438)	(15,437)	-90.7%	(28,365)	2,347,961	-101.2%
Other Operating Income	31,674,798	29,589,475	7.0%	75,755,094	81,717,332	-7.3%
Less: Operating Expenses						
Personnel Costs	(64,286,664)	(63,651,540)	1.0%	(195,651,408)	(188,166,875)	4.0%
Provision for Staff Retirement Benefits	(1,500,000)	(1,200,000)	25.0%	(4,500,000)	(3,600,000)	25.0%
General and Administration Expenses	(113,648,498)	(90,091,666)	26.1%	(327,286,411)	(260,264,047)	25.8%
Impairment Charge for Lease Rentals Receivable, Hire Purchase and Loans and Advances	(80,000,000)	(70,000,000)	14.3%	(209,000,000)	(165,000,000)	26.7%
Operating Profit before Value Added Tax on Financial Services	73,388,090	98,532,526	-25.5%	240,349,195	258,874,649	-7.2%
Value Added Tax on Financial Services	(13,123,935)	(9,000,000)	45.8%	(50,261,107)	(35,100,000)	43.2%
Profit Before Taxation	60,264,155	89,532,526	-32.7%	190,088,088	223,774,649	-15.1%
Income Tax (Expenses) / Reversal	(13,679,840)	(10,500,000)	30.3%	(47,114,711)	(31,500,000)	49.6%
Profit for the Period	46,584,315	79,032,526	-41.1%	142,973,377	192,274,649	-25.6%
Actuarial Loss on Retirement Benefit Liability	-	-	-	-	-	-
Income Tax on Components of Other Comprehensive Income	-	-	-	-	-	-
Other Comprehensive Income for the Period Net of Tax	-	-	-	-	-	-
Total Comprehensive Income for the Period	46,584,315	79,032,526	-41.1%	142,973,377	192,274,649	-25.6%
Earnings Per Share - Basic	0.22	0.38	-41.1%	0.23	0.31	-25.6%

* The above figures are provisional and subject to audit.

* Figures in brackets indicate deductions.

	31.12.2017 LKR Unaudited*	31.03.2017 LKR Audited*	Change %
ASSETS			
Cash and Cash Equivalents	493,973,354	601,891,827	-17.9%
Investment in Reverse Repurchase Agreements Against Treasury Bills and Bonds	609,392,880	433,333,648	40.6%
Other Financial Assets	358,654,187	-	100.0%
Financial Assets - Held for Trading	216,775	50,204,691	-99.6%
Loans and Advances	7,330,532,217	6,838,366,400	7.2%
Lease Rentals Receivable and Hire Purchase	1,824,297,474	1,424,679,822	28.0%
Other Assets	76,658,730	15,626,098	390.6%
Advances, Deposits and Prepayments	53,018,933	64,760,286	-18.1%
Financial Assets - Available for Sale	506,659	506,659	-
Property, Plant and Equipment	151,590,669	161,931,102	-6.4%
Investment Property	309,732,938	306,253,164	1.1%
Deferred Tax Assets	118,202,710	118,202,709	-
Intangible Assets	9,560,302	11,179,033	-14.5%
Total Assets	11,336,337,827	10,026,935,439	13.1%
LIABILITIES			
Due to Banks	295,078,298	36,031,902	718.9%
Other Liabilities	20,650,594	46,791,280	-55.9%
Current Tax Liabilities	12,168,187	30,749,073	-60.4%
Other Borrowed Funds	2,850,550,853	2,476,518,223	15.1%
Due to Customers	6,313,949,244	5,681,178,140	11.1%
Retirement Benefit Liability	22,819,955	18,774,955	21.5%
Total Liabilities	9,515,217,132	8,290,043,573	14.8%
SHAREHOLDERS' FUNDS			
Stated Capital	1,388,935,273	1,388,935,273	0.0%
Retained Earnings	365,689,084	288,608,924	26.7%
Statutory Reserve Fund and Other Reserves	66,496,338	59,347,669	12.0%
Total Equity	1,821,120,695	1,736,891,866	4.8%
Total Equity and Liabilities	11,336,337,827	10,026,935,439	13.1%
Net Assets Per Share	2.17	2.07	4.8%

* Figures in brackets indicate deductions.

I certify that the above Interim 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 Asia Asset Finance PLC as at 31st December 2017 and its profit for the nine months ended 31st December 2017.

.....Sgd.....

Geethika Elwalage

Assistant General Manager - Finance

The Board of Directors is responsible for the preparation and presentation of these Interim Financial Statements.

.....Sgd.....

R.J.A. Gunawardena

Director/CEO

.....Sgd.....

H.L.L.M. Nanayakkara

Director/Chairman

06th February 2018

Colombo

* The above figures are provisional and subject to audit.

ASIA ASSET FINANCE PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 31 DECEMBER, 2017

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	Stated Capital Rs.	General Reserve Rs.	Statutory Reserve Fund Rs.	Accumulated Profit/(Loss) Rs.	Total Rs.
Balance as at 1st April, 2016(Audited)	1,388,935,273	3,000,000	42,579,648	27,016,515	1,461,531,436
Profits for the nine months ended 31.12.2016	-	-	-	192,274,649	192,274,649
Transferred to/from reserves During the Period	-	-	9,613,732	(9,613,732)	-
Balance as at 31st December, 2016 (Unaudited*)	1,388,935,273	3,000,000	52,193,380	209,677,432	1,653,806,085
Balance as at 1st April, 2017 (Audited)	1,388,935,273	3,000,000	56,347,669	288,608,924	1,736,891,866
Profits for the nine months ended 31.12.2017	-	-	-	142,973,377	142,973,377
Transferred to/from reserves During the Period	-	-	7,148,669	(7,148,669)	-
Final dividened for 2016/17				(58,744,548)	(58,744,548)
Balance as at 31st December, 2017 (Unaudited*)	1,388,935,273	3,000,000	63,496,338	365,689,084	1,821,120,695

* The above figures are provisional and subject to audit.

* Figures in brackets indicate deductions.

	31.12.2017 Rs. Unaudited*	31.12.2016 Rs. Unaudited*
Cash Flows From / (Used in) Operating Activities		
Profit Before Tax	190,088,088	223,774,649
Adjustments for		
Depreciation and Amortization	33,582,871	23,959,774
Impairment of Loans, Lease and Hire Purchase	209,000,000	165,000,000
Profit on Sale of Quoted Equity Shares	40,449	(603,213)
Gain on Fair Valuation of Held for Trading Securities	(12,085)	(1,744,748)
Profit from Sale of Property, Plant and Equipment and Investment Property	(229,775)	3,448,926
Provision for Retirement Benefit Liability	4,500,000	3,600,000
Finance Cost	1,848,316	2,391,758
Profit from Operation Before Working Capital Changes	438,817,865	419,827,146
(Increase)/Decrease in Real Estate Inventories	-	34,468,475
(Increase)/Decrease in Lease Rentals Receivable and Hire Purchase	(468,617,652)	260,628,646
Increase in Loans and Advances	(626,987,816)	(2,239,663,926)
(Increase)/Decrease in Other Receivables	(61,032,632)	2,826,696
(Increase)/Decrease in Deposits and Prepayments	11,741,353	(3,024,809)
(Increase)/Decrease in Other Financial Assets	(358,654,187)	(42,306,499)
Increase in Deposits from Customers	632,771,104	861,409,042
Increase/(Decrease) in Other Liabilities	(26,140,686)	(3,357,525)
Net Cash From/(Used in) Operating Activities before Income Tax Payments	(458,102,650)	(709,192,755)
Taxes Paid	(38,122,470)	(28,612,212)
Gratuity Paid	(405,000)	(87,500)
Net Cash From Operating Activities	(496,630,120)	(737,892,467)
Cash Flows from / (Used in) Investing Activities		
Acquisition of Property, Plant and Equipment & Intangible Assets	43,430,234	46,916,161
Acquisition and proceeds from sale of Investment Property	8,750,000	9,500,000
Proceeds from sale of real estate inventories	-	32,450,000
Proceeds from sales of held for trading securities	-	49,224,546
Proceeds from sales of property, plant and equipment	25,205,010	6,580,000
Net Cash Flows From/(Used in) Investing Activities	77,385,244	144,670,707
Cash Flows from / (Used in) Financing Activities		
Repayment of Other Borrowed Funds	(1,695,375,571)	(706,956,290)
Proceeds from Other Borrowed Funds	1,923,714,809	1,272,150,638
Net Cash Flows From/(Used in) Financing Activities	228,339,238	565,194,348
Net Increase in Cash and Cash Equivalents	(190,905,638)	(28,027,412)
Cash and Cash Equivalents at the Beginning of the Period	999,193,573	852,738,833
Cash and Cash Equivalents at the End of the Period	808,287,935	824,711,421
At the End of the Period		
Cash and Cash Equivalents	493,973,354	499,950,802
Investment in Reverse Repurchase Agreements Against Treasury Bills and Bonds	609,392,880	441,645,729
Bank Overdraft	(295,078,298)	(116,885,109)
	808,287,935	824,711,421

* The above figures are provisional and subject to audit.

	Finance Lease		Hire Purchase		Loans and Advances		Investment		Gold Loan		Other		Total	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Interest Income	270,993,356	219,803,123	9,273,828	33,414,727	1,189,696,211	995,900,298	103,947,522	75,363,227	204,058,910	114,041,943	35,592,447	22,800,007	1,813,562,274	1,461,323,325
Other Income	5,929,081	9,536,855	212,908	1,449,804	32,153,649	44,334,897	1,836,602	2,976,993	24,971,393	18,390,019	10,623,096	7,376,725	75,726,730	84,065,293
Total Revenue	276,922,437	229,339,978	9,486,735	34,864,531	1,221,849,860	1,040,235,195	105,784,124	78,340,220	229,030,304	132,431,962	46,215,544	30,176,733	1,889,289,004	1,545,388,618
Segmental Result	35,229,171	38,417,719	1,206,872	5,840,306	155,439,761	174,254,241	13,457,512	13,123,105	29,136,489	22,184,244	5,879,391	5,055,033	240,349,195	258,874,649
Value Added Tax on Financial Services													(50,261,107)	(35,100,000)
Profits from Operations													190,088,088	223,774,649
Income Tax Charge/Reversal for the Period													(47,114,711)	(31,500,000)
Net profit for the Period													142,973,377	192,274,649
Segment Assets	1,752,874,742	1,221,623,119	71,422,732	219,610,439	5,842,909,073	5,684,287,268	1,462,743,855	993,453,450	1,487,623,144	1,099,089,716	-	-	10,617,573,546	9,218,063,991
Unallocated Assets	-	-	-	-	-	-	-	-	-	-	718,764,281	640,692,395	718,764,281	640,692,395
Total Assets	1,752,874,742	1,221,623,119	71,422,732	219,610,439	5,842,909,073	5,684,287,268	1,462,743,855	993,453,450	1,487,623,144	1,099,089,716	718,764,281	640,692,395	11,336,337,827	9,858,756,386
Segment Liabilities	1,561,699,193	1,079,119,247	63,633,083	193,992,606	5,205,657,978	5,021,208,016	1,303,211,144	877,565,856	1,325,376,998	970,879,520	-	-	9,459,578,396	8,142,765,245
Unallocated Liabilities	-	-	-	-	-	-	-	-	-	-	55,638,736	62,185,056	55,638,736	62,185,055
Total Liabilities	1,561,699,193	1,079,119,247	63,633,083	193,992,606	5,205,657,978	5,021,208,016	1,303,211,144	877,565,856	1,325,376,998	970,879,520	55,638,736	62,185,056	9,515,217,132	8,204,950,301

In determining segment results,

Expenses have been allocated proportionately based on interest income

Segment Liabilities have been proportionately allocated based on the segment assets.

01. The Interim Financial Statements are in compliance with the Sri Lanka Accounting Standard - LKAS 34: Interim Financial Reporting and the provisions of the Companies Act No. 7 of 2007 and provide the information as required in terms of Rule 7.4 of the Colombo Stock Exchange.
02. The company has adopted consistent accounting policies and methods of computation as disclosed in the Annual Report for the year ended 31st March 2017.
03. The Interim financial statements of Asia Asset Finance PLC for the period ended 31st December, 2017 (including comparatives) were approved and authorized for issue on 06th February, 2018 in accordance with a resolution of the board of directors on 06th February, 2018.
04. The presentation and classification of the financial statements for previous periods have been amended where relevant for better presentation and to be comparable with those of the current period.
05. Earning per share has been annualised for the quarter ended and nine months ended 31st December, 2017 in the statement of Comprehensive income.
06. Subsequent to Balance sheet date ,no circumstances has arise that would require adjustments to or disclosure in the Financial statements.

07. Stated capital is represented by number of shares in issue as follows.

	31.12.2017	31.12.2016
Issued and Fully Paid Ordinary Shares (Quoted)	839,207,833	839,207,833

08. Market Value of Shares

	31.12.2017 Rs.	31.12.2016 Rs.
Highest Traded Price	1.60	1.70
Lowest Traded Price	1.40	1.30
Closing Price	1.40	1.40

09. There has been no significant change to the contingent liabilities disclosed in the previous Audited Financial statements.

10. Major 20 share holders as at 31st December 2017

	NAME	No of Shares	(%)
1	Muthoot Finance Limited	503,524,700	60.00
2	Seylan Bank PLC/Thirugnanasambandar Senthilverl	68,326,145	
	Dr. T. Senthilverl	3,399,299	
3	J.B. Cocoshell (Pvt) Ltd	42,429,508	5.06
4	Mr. S.D.R.Arudpragasam	24,596,867	2.93
5	Mrs. G.I. Vasunthara	17,905,843	2.13
6	People'S Leasing & Finance PLC/Mr.W.K.R.Jayakody	15,012,800	1.79
7	Mr. P.A.D.R.U. Pushpakumara	13,065,000	1.56
8	Mr.K.M.S.M.Razeek ,Mr.K.S.M.Rajubdeen & Mr.S.M.R.Mohamed	7,400,000	0.88
9	DFCC Bank PLC/P.S.R.Casie Chitty	5,500,000	0.66
10	Code-Gen International Pvt Ltd	4,241,188	0.51
11	Mr.C.W. Gunasekara	4,155,000	0.50
12	Ceylon Biscuits Limited	3,750,000	0.45
13	DFCC Bank PLC/Mr.K.S.D.Senaweera	3,350,000	0.40
14	Mr. P.P. Subasinghe	2,781,608	0.33
15	Mr.C.R.Perera	2,589,987	0.31
16	M Investments Lanka (Pvt) Ltd	2,578,578	0.31
17	Mr.S.Abishek	2,133,997	0.25
18	Mr. R.H.M.S.K. Rajakaruna	2,000,000	0.24
19	Mr.U.C.Bandaranayake & Mrs. L.Bandaranayake	2,000,000	0.24
20	Fast Gain Internationl Limited	1,590,000	0.19
		732,330,520	87.26
	Othres	106,877,313	12.74
	Total	839,207,833	100.000

No of Shareholders	% of Shareholdin
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11. Shares held by public as at 31st December 2017

2,490 39.83

12. Directors Share Holding

Name	No. of Shares 31.12.2017	%
Pan Asia Banking Corporation PLC / Mr. H.L.L.M. Nanayakkara	100	-
Mr.Rajiv James Abeywickrema Gunawardena	-	-
Ms.Dayangani Priyanthi Pieris	600,000	0.071
Mr.George Alexander	-	-
Mr.Chandrakumar Ramachandra	800,000	0.095
Mr.Thusitha Perera	-	-
Mr.K.R.Bijimon (alternated by Mr.Krishna Gopala Kiran Pillai)	-	-
Mr.Rajitha Ananda Bandara Basnayake	-	-

13 Corporate Information

Name of the Company

Asia Asset Finance PLC

Legal Form

Incorporated as a Private Limited Liability Company under the Companies ordinance, no 51 of 1938 (Cap 145) on 23 September 1970 and name changed under the Companies ordinance, no 51 of 1938 (Cap 145) on 03 October 2006 and Re-registered under the companies Act No.07 of 2007 on 23 January 2008 and converted to a public company under the companies Act No.07 of 2007 on 20 March 2012.

Registration Number (Under the Companies Act No.17 of 1982)

PVS/PBS 3266

New Registration Number (Under the Companies Act No.7 of 2007)

PB 139 PQ

Registered Office

No.76/1, Dharmapala Mawatha, Colombo 03.

Telephone

011 5 66 99 22 / 0115 899 300

Fax

011 2 57 74 77

E-mail

info@asiaassetfinance.lk

Website

<http://www.asiaassetfinance.lk/>

Board of Directors of the Company

Mr.Hiniduma Liyanage Lakpriya Manohan Nanayakkara
Mr.Rajiv James Abeywickrema Gunawardena
Mr.Chandrakumar Ramachandra
Ms.Dayangani Priyanthi Pieris
Mr.Thusitha Perera
Mr.George Alexander
Mr.Kuttikattu Rajappan Bijimon (alternated by Mr.Kiran Gopala Krishna Pillai)
Mr.Rajitha Ananda Bandara Basnayake

Company Secretary

P R Secretarial Services (Pvt) Ltd
59 Gregory Road,
Colombo 07.

Lawyers of the Company

Shiranthi Gunawardena Associates
No.22/1, Elliot Place,
Colombo 08.

Company Auditors - External

BDO Partners
65/2, Sir Chiththapalam A Gardiner Mawatha,
Colombo 02.

Bankers of the Company :

Bank of Ceylon
Commercial Bank of Ceylon PLC
DFCC Vardhana Bank PLC
Hatton National Bank PLC
Pan Asia Banking Corporation PLC
People's Bank
Sampath Bank PLC
National Development Bank PLC
Seylan Bank PLC
Indian Bank

Audit Committee

Mr.Thusitha Perera
Mr.Hiniduma Liyanage Lakpriya Manohan Nanayakkara
Mr.Chandrakumar Ramachandra
Mr.Kuttikattu Rajappan Bijimon
Mr.Rajitha Ananda Bandara Basnayake

Integrated Risk Management Committee

Mr.Hiniduma Liyanage Lakpriya Manohan Nanayakkara
Mr.Chandrakumar Ramachandra
Mr.Rajiv James Abeywickrema Gunawardena
Mr.Thusitha Perera
Mr.Roshan De Silva Gunasekara (COO)

Remuneration Committee

Mr.Chandrakumar Ramachandra
Mr.Hiniduma Liyanage Lakpriya Manohan Nanayakkara
Mr.Thusitha Perera
Mr.George Alexander
Mr.Rajitha Ananda Bandara Basnayake

Related Party Transactions Review Committee

Mr.Chandrakumar Ramachandra
Mr.Hiniduma Liyanage Lakpriya Manohan Nanayakkara
Ms.Dayangani Priyanthi Pieris
Mr.Kuttikattu Rajappan Bijimon

IT committee

Mr.Rajitha Ananda Bandara Basnayake
Mr.Hiniduma Liyanage Lakpriya Manohan Nanayakkara
Mr.Chandrakumar Ramachandra
Ms.Dayangani Priyanthi Pieris