

# INTERIM FINANCIAL STATEMENTS

**ASIA ASSET FINANCE PLC**



**ASIA ASSET**  
FINANCE PLC

*The unconventional finance company*

**For the three months ended 30th June 2018**

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	For the quarter ended		
	30.06.2018 LKR Unaudited*	30.06.2017 LKR Reclassified Unaudited*	Change %
Interest Income	650,918,141	570,119,418	14.2%
Interest Expenses	(338,137,235)	(277,496,809)	21.9%
<b>Net Interest Income</b>	<b>312,780,907</b>	<b>292,622,609</b>	<b>6.9%</b>
Net Trading Gain/(Loss) on Equity Securities	(7,481)	(22,770)	-67.1%
Other Operating Income	36,034,485	22,748,793	58.4%
<b>Less: Operating Expenses</b>			
Personnel Costs	(73,723,034)	(64,478,016)	14.3%
Provision for Staff Retirement Benefits	(2,250,000)	(1,500,000)	50.0%
General and Administration Expenses	(136,436,156)	(102,312,888)	33.4%
Impairment Charge for Lease Rentals Receivable, Hire Purchase and Loans and Advances	(87,000,000)	(55,700,000)	56.2%
<b>Operating Profit before Value Added Tax on Financial Services</b>	<b>49,398,721</b>	<b>91,357,729</b>	<b>-45.9%</b>
Value Added Tax on Financial Services	(17,044,971)	(18,033,614)	-5.5%
<b>Profit Before Taxation</b>	<b>32,353,750</b>	<b>73,324,115</b>	<b>-55.9%</b>
Income Tax (Expenses) / Reversal	(16,310,352)	(16,803,085)	-2.9%
<b>Profit for the Period</b>	<b>16,043,399</b>	<b>56,521,029</b>	<b>-71.6%</b>
Actuarial gain/(loss) on retirement benefit liability	-	-	-
Income Tax on Components of Other Comprehensive Income	-	-	-
<b>Other Comprehensive Income for the Period Net of Tax</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the Period</b>	<b>16,043,399</b>	<b>56,521,029</b>	<b>-71.6%</b>
<b>Earnings Per Share - Basic</b>	<b>0.08</b>	<b>0.27</b>	<b>-71.6%</b>

\* The above figures are provisional and subject to audit.

\* Figures in brackets indicate deductions.

	30.06.2018 LKR Unaudited*	31.03.2018 LKR Audited*	Change %
<b>ASSETS</b>			
Cash and Cash Equivalents	339,133,020	660,159,119	-48.6%
Investment in Reverse Repurchase Agreements Against Treasury Bills and Bonds	693,935,519	622,975,267	11.4%
Other Financial Assets	107,971,566	207,244,747	-47.9%
Financial Assets - Held for Trading	206,253	213,734	-3.5%
Loans and Advances	7,388,353,309	7,247,899,368	1.9%
Lease Rentals Receivable and Hire Purchase	2,751,836,529	2,280,489,222	20.7%
Vehicle Stock	30,261,711	262,088	11446.4%
Other Assets	15,642,471	15,587,389	0.4%
Advances, Deposits and Prepayments	71,647,148	67,948,443	5.4%
Financial Assets - Available for Sale	506,659	506,659	-
Property, Plant and Equipment	151,777,272	150,037,783	1.2%
Investment Property	352,904,530	352,385,530	0.1%
Deferred Tax Assets	112,814,715	112,814,715	0.0%
Intangible Assets	8,692,732	8,807,431	-1.3%
Income Tax Receivable	-	362,927	-100.0%
<b>Total Assets</b>	<b>12,025,683,433</b>	<b>11,727,694,421</b>	<b>2.5%</b>
<b>LIABILITIES</b>			
Due to Banks	180,625,535	454,920,306	-60.3%
Other Liabilities	188,480,399	36,650,813	414.3%
Current Tax Liabilities	4,668,263	-	100.0%
Other Borrowed Funds	3,514,849,810	3,001,078,792	17.1%
Due to Customers	6,240,138,763	6,356,067,246	-1.8%
Retirement Benefit Liability	21,944,993	20,044,993	9.5%
<b>Total Liabilities</b>	<b>10,150,707,764</b>	<b>9,868,762,150</b>	<b>2.9%</b>
<b>SHAREHOLDERS' FUNDS</b>			
Stated Capital	1,388,935,273	1,388,935,273	0.0%
Retained Earnings	416,851,310	401,610,081	3.8%
Statutory Reserve Fund and Other Reserves	69,189,087	68,386,917	1.2%
<b>Total Equity</b>	<b>1,874,975,669</b>	<b>1,858,932,271</b>	<b>0.9%</b>
<b>Total Equity and Liabilities</b>	<b>12,025,683,433</b>	<b>11,727,694,421</b>	<b>2.5%</b>
<b>Net Assets Per Share</b>	<b>2.23</b>	<b>2.22</b>	<b>0.9%</b>

\* 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 30th June 2018 and its profit for year ended 30th June 2018.

Sgd

**Geethika Elwalage**

Assistant General Manager - Finance

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:

Sgd

**R.J.A. Gunawardena**

Director/CEO

Sgd

**C. Ramachandra**

Chairman

10th August, 2018

\* The above figures are provisional and subject to audit.

	Stated Capital Rs.	General Reserve Rs.	Statutory Reserve Fund Rs.	Accumulated Profit/(Loss) Rs.	Total Rs.
Balance as at 1st April, 2017(Audited)	1,388,935,273	3,000,000	56,347,669	288,608,924	1,736,891,866
Total comprehensive income for the year					
Profit for the three months ended 30.06.2017	-	-	-	56,521,029	56,521,029
Other comprehensive income (net of tax)				-	-
Transaction with equity holders recognized directly in equity					
Transfers to reserves	-	-	2,826,051	(2,826,051)	-
Final dividend for 2016/17				(58,744,548)	(58,744,548)
Balance as at 30th June, 2017 (Unaudited)	1,388,935,273	3,000,000	59,173,720	283,559,354	1,734,668,347
Balance as at 1st April, 2018 (Audited)	1,388,935,273	3,000,000	65,386,917	401,610,081	1,858,932,271
Total comprehensive income for the year					
Profit for the three months ended 30.06.2018	-	-	-	16,043,399	16,043,399
Other comprehensive income (net of tax)				-	-
Total comprehensive income for the year				16,043,399	16,043,399
Transaction with equity holders recognized directly in equity					
Transferred to/from reserves During the Period	-	-	802,170	(802,170)	-
Balance as at 30th June, 2018 (Unaudited)	1,388,935,273	3,000,000	66,189,087	416,851,310	1,874,975,669

\* The above figures are provisional and subject to audit.

\* Figures in brackets indicate deductions.

ASIA ASSET FINANCE PLC  
STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED 30TH JUNE, 2018

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	Unaudited 30.06.2018 Rs.	Unaudited 30.06.2017 Rs.
<b>Cash flows from operating activities</b>		
Profit before income tax	32,353,750	73,324,114
Adjustments for		
Depreciation and amortization	11,976,039	10,562,754
Impairment of lease hire purchase, loans and advances	87,000,000	55,700,000
Early termination of loans, leases and hire purchase	(7,495,746)	(178,902)
Non-cash items included in profits before tax	-	-
Interest Income on Commercial Papers	(6,081,827)	-
Profit on sale of held for trading securities	-	(40,449)
Gain/loss on fair valuation of held for trading securities	(7,481)	17,679
Gains from sale of property, plant and equipment, investment property and real estate inventories	(8,091)	(249,144)
Gain from disposal of vehicle stock	(334,572)	-
Provision for retirement benefit liability	2,250,000	1,500,000
Interest expense on other borrowings	116,906,962	85,870,187
Cash generated from operations before working capital changes	236,559,033	226,506,238
(Increase)/decrease in lease rentals receivable and hire purchase	(552,542,841)	(20,168,391)
(Increase)/decrease in loans and advances	(218,021,695)	(358,367,166)
(Increase)/decrease in other receivables	(55,082)	(1,005,087)
(Increase)/decrease in deposits and prepayments	(3,698,705)	(7,347,958)
(Increase)/decrease in Vehicle Stock	(29,927,138)	-
Increase in deposits from customers	115,928,483	298,775,042
Increase/(decrease) in other liabilities	9,941,759	(9,538,820)
Net cash from operating activities before income tax payments	(441,816,186)	128,853,858
Taxes paid	(21,712,217)	(4,716,757)
Gratuity paid	(350,000)	(355,000)
<b>Net cash used in operating activities</b>	(463,878,403)	123,782,101
<b>Cash flows from / (used in) investing activities</b>		
Acquisition of property, plant and equipment	(13,033,734)	(9,245,524)
Acquisition of intangible assets	(648,000)	(477,850)
Acquisition of investment property	(519,000)	3,950,000
Proceeds from sale of investment property	-	-
Proceeds from sale of real estate inventories	-	-
Investments in commercial papers	-	-
Proceeds from Commercial Papers	105,355,009	-
Investment)/Withdrawal in debentures	-	52,253,804
Investments in Treasury bills	-	(135,000,000)
Investment)/Withdrawal in Fixed deposits	-	(100,000,000)
Proceeds from sales of property, plant and equipment	88,996	215,962
<b>Net cash from investing activities</b>	91,243,271	(188,303,608)
<b>Cash flows from / (used in) financing activities</b>		
Repayment of other borrowed funds	(856,116,779)	(607,107,108)
Proceeds from other borrowed funds	1,252,980,836	733,852,487
<b>Net cash generated from financing activities</b>	396,864,056	126,745,379
<b>Net increase in cash and cash equivalents</b>	24,228,924	62,223,873
<b>Cash and cash equivalents at the beginning of the year</b>	828,214,079	999,193,572
<b>Cash and cash equivalents at the end of the year</b>	852,443,003	1,061,417,445
<b>At the beginning of the year</b>		
Cash and cash equivalents	660,159,119	601,891,827
Investment in reverse repurchase agreements against treasury bills and bonds	622,975,267	433,333,648
Bank overdraft	(454,920,306)	(36,031,902)
	828,214,079	999,193,573
<b>At the end of the year</b>		
Cash and cash equivalents	339,133,020	650,540,947
Investment in reverse repurchase agreements against treasury bills and bonds	693,935,519	581,046,118
Bank overdraft	(180,625,535)	(170,169,620)
	852,443,003	1,061,417,445

Figures in brackets indicate deductions.

FINANCIAL REPORTING BY SEGMENT

	Finance lease		Hire purchase		Loans and advances		Investment		Other		Total	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017	30.06.2018	30.06.2017	30.06.2018	30.06.2017	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Interest income	176,924,501	77,974,667	1,003,453	4,458,311	440,682,827	461,826,059	32,307,360	25,860,380		-	650,918,141	570,119,417
Other income	8,673,723	2,933,382	83,475	22,391	24,796,838	18,529,544	(8,292)	39,962	2,481,260	1,200,744	36,027,004	22,726,023
Total revenue	185,598,224	80,908,049	1,086,929	4,480,703	465,479,665	480,355,603	32,299,068	25,900,342	2,481,260	1,200,744	686,945,145	592,845,440
Segmental result	13,346,502	12,467,964	78,162	690,478	33,472,978	74,022,998	2,322,649	3,991,253	178,429	185,035	49,398,721	91,357,728
Value added tax on financial services											(17,044,971)	(18,033,614)
Profits from operations											32,353,750	73,324,114
Income tax charge for the year											(16,310,352)	(16,803,085)
Net profit for the year											16,043,399	56,521,029
Segment assets	2,710,791,516	1,316,201,130	41,045,012	128,647,083	7,388,353,309	7,196,733,566	1,155,318,274	581,268,487		-	11,295,508,112	9,222,850,266
Unallocated assets									730,175,321	1,339,799,748	730,175,321	1,339,799,748
Total assets	2,710,791,516	1,316,201,130	41,045,012	128,647,083	7,388,353,309	7,196,733,566	1,155,318,274	581,268,487	730,175,321	1,339,799,748	12,025,683,433	10,562,650,014
Segment liabilities	2,198,938,664	1,238,561,866	33,294,875	121,058,528	5,993,281,173	6,772,217,061	937,170,567	546,980,978	592,303,294	-	9,754,988,573	8,678,818,433
Unallocated liabilities									395,719,191	149,163,234	395,719,191	149,163,234
Total liabilities	2,198,938,664	1,238,561,866	33,294,875	121,058,528	5,993,281,173	6,772,217,061	937,170,567	546,980,978	988,022,485	149,163,234	10,150,707,764	8,827,981,667

In determining segment results, expenses have been allocated in proportionately basis on interest income and 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 audited financials for the year ended 31st March 2018.
03. The Interim financial statements of Asia Asset Finance PLC for the period ended 30th June, 2018 (including comparatives) were approved and authorized for issue on 10th August, 2018 in accordance with a resolution of the board of directors on 10th August, 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 30th June, 2018 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.

	30.06.2018	30.06.2017
Issued and Fully Paid Ordinary Shares (Quoted)	839,207,833	839,207,833

08. Market Value of Shares

	30.06.2018	30.06.2017
	Rs.	Rs.
Highest Traded Price	1.40	1.70
Lowest Traded Price	1.00	1.30
Closing Price	1.10	1.60

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 30th June 2018

NAME	No of Shares	(%)
1 Muthoot Finance Limited	503,524,700	60.00
2 Seylan Bank PLC/Dr.Thirugnanasambandar Senthilverl	71,205,745	8.49
3 J.B. Cocoshell (Pvt) Ltd	42,429,508	5.06
4 Mr. S.D.R. Arudpragasam	24,606,384	2.93
5 People`S Leasing & Finance PLC/Mr.W.K.R.Jayakody	15,012,800	1.79
6 Mrs. G.I. Vasunthara	13,487,861	1.61
7 Mr. P.A.D.R.U. Pushpakumara	13,250,000	1.58
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 Mr. C.W. Gunasekara	4,351,225	0.52
11 Code-Gen International Pvt Ltd	4,241,188	0.51
12 Dr. T. Senthilverl	3,399,299	0.41
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	2,749,991	0.33
16 Mr. S. Abishek	2,293,892	0.27
17 Mr. U.C. Bandaranayake & Mrs. L. Bandaranayake	2,000,000	0.24
18 Mr. K Arsuthan	1,888,632	0.23
19 Mr. R.H.M.S.K. Rajakaruna	1,800,000	0.21
20 Mrs. M Arudpragasam	1,643,208	0.20
	726,916,041	86.62
Othres	112,291,792	13.38
<b>Total</b>	<b>839,207,833</b>	<b>100.000</b>

No of Shareholders	% of Shareholding
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11. Shares held by public as at 30th June 2018

2,499 39.83

12. Directors Share Holding

Name	No. of Shares 30.06.2018	%
Mr.Chandrakumar Ramachandra	800,000	0.095
Mr.Rajiv James Abeywickrema Gunawardena	-	-
Ms.Dayangani Priyanthi Pieris	600,000	0.071
Mr.George Alexander	-	-
Mr.Thusitha Priyantha Perera	-	-
Mr. Kuttikattu Rajappan Bijimon	-	-
Mr.Rajitha Ananda Bandara Basnayake	-	-
Mr.Danasiri Rupakumara Jayasekara	-	-
Mr.Kiran Gopala Krishna Pillai	-	-

### 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](mailto:info@asiaassetfinance.lk)

**Website**

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

**Board of Directors of the Company**

Mr.Chandrakumar Ramachandra  
Mr.Rajiv James Abeywickrema Gunawardena  
Ms.Dayangani Priyanthi Pieris  
Mr.Thusitha Priyantha Perera  
Mr. George Alexander  
Mr. Kuttikattu Rajappan Bijimon  
Mr.Rajitha Ananda Bandara Basnayake  
Mr.Danasiri Rupakumara Jayasekara  
Mr.Kiran Gopala Krishna Pillai

**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  
Nations Trust PLC

**Audit Committee**

Mr.Thusitha Priyantha Perera  
Mr.Chandrakumar Ramachandra  
Mr.Rajitha Ananda Bandara Basnayake  
Mr.Kuttikattu Rajappan Bijimon  
Mr. Danasiri Rupakumara Jayasekara

**Integrated Risk Management Committee**

Mr.Chandrakumar Ramachandra  
Mr.Rajiv James Abeywickrema Gunawardena  
Mr.Thusitha Priyantha Perera  
Mr.Roshan De Silva Gunasekara (COO)  
Mr. Danasiri Rupakumara Jayasekara

**Remuneration Committee**

Mr.Chandrakumar Ramachandra  
Mr.Thusitha Priyantha Perera  
Mr.George Alexander  
Mr.Rajitha Ananda Bandara Basnayake  
Mr.Danasiri Rupakumara Jayasekara

**Related Party Transactions Review Committee**

Ms.Dayangani Priyanthi Pieris  
Mr.Rajitha Ananda Bandara Basnayake  
Mr. Kuttikattu Rajappan Bijimon  
Mr.Danasiri Rupakumara Jayasekara

**IT committee**

Mr.Rajitha Ananda Bandara Basnayake  
Mr.Chandrakumar Ramachandra  
Ms.Dayangani Priyanthi Pieris  
Mr.Danasiri Rupakumara Jayasekara  
Mr.Rajiv James Abeywickrema Gunawardena