

# INTERIM FINANCIAL STATEMENTS

ASIA ASSET FINANCE PLC



**ASIA ASSET**  
FINANCE PLC

*The unconventional finance company*

For the six months ended 30th September 2018

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	For the quarter ended			For the six months ended		
	30.09.2018	30.09.2017	Change	30.09.2018	30.09.2017	Change
	LKR	LKR		LKR	LKR	
Unaudited*	Unaudited*	%	Unaudited*	Unaudited*	%	
Interest Income	657,023,639	617,095,489	6.5%	1,307,941,780	1,187,214,906	10.2%
Interest Expenses	(343,630,835)	(309,807,705)	10.9%	(681,768,070)	(587,304,514)	16.1%
<b>Net Interest Income</b>	<b>313,392,804</b>	<b>307,287,783</b>	<b>2.0%</b>	<b>626,173,711</b>	<b>599,910,392</b>	<b>4.4%</b>
Net Trading Gain/(Loss) on Equity Securities	(1,739)	(22,770)	-92.4%	(9,220)	(26,927)	-65.8%
Other Operating Income	35,557,287	21,331,504	66.7%	71,591,772	44,080,297	62.4%
<b>Less: Operating Expenses</b>						
Personnel Costs	(66,349,222)	(66,886,728)	-0.8%	(140,072,255)	(131,364,744)	6.6%
Provision for Staff Retirement Benefits	(1,950,000)	(1,500,000)	30.0%	(4,200,000)	(3,000,000)	40.0%
General and Administration Expenses	(152,036,410)	(111,325,025)	36.6%	(288,472,566)	(213,637,913)	35.0%
Impairment Charge for Lease Rentals Receivable, Hire Purchase and Loans and Advances	(83,000,000)	(73,300,000)	13.2%	(170,000,000)	(129,000,000)	31.8%
<b>Operating Profit before Value Added Tax on Financial Services</b>	<b>45,612,721</b>	<b>75,584,763</b>	<b>-39.7%</b>	<b>95,011,441</b>	<b>166,961,106</b>	<b>-43.1%</b>
Value Added Tax on Financial Services	(17,067,271)	(19,103,559)	-10.7%	(34,112,242)	(37,137,172)	-8.1%
<b>Profit Before Taxation</b>	<b>28,545,449</b>	<b>56,481,205</b>	<b>-49.5%</b>	<b>60,899,200</b>	<b>129,823,933</b>	<b>-53.1%</b>
Income Tax (Expenses) / Reversal	(6,759,277)	(16,631,786)	-59.4%	(23,069,628)	(33,434,871)	-31.0%
<b>Profit for the Period</b>	<b>21,786,172</b>	<b>39,849,418</b>	<b>-45.3%</b>	<b>37,829,571</b>	<b>96,389,062</b>	<b>-60.8%</b>
Actuarial 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>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the Period</b>	<b>21,786,172</b>	<b>39,849,418</b>	<b>-45.3%</b>	<b>37,829,571</b>	<b>96,389,062</b>	<b>-60.8%</b>
<b>Earnings Per Share - Basic</b>	<b>0.10</b>	<b>0.19</b>	<b>-45.3%</b>	<b>0.09</b>	<b>0.23</b>	<b>-60.8%</b>

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

\* Figures in brackets indicate deductions.

	30.09.2018 LKR Unaudited*	31.03.2018 LKR Audited*	Change %
<b>ASSETS</b>			
Cash and Cash Equivalents	449,828,008	660,159,119	-31.9%
Investment in Reverse Repurchase Agreements Against Treasury Bills and Bonds	679,240,931	622,975,267	9.0%
Other Financial Assets	-	207,244,747	100.0%
Financial Assets - Held for Trading	125	213,734	-99.9%
Loans and Advances	7,360,303,656	7,247,899,368	1.6%
Lease Rentals Receivable and Hire Purchase	3,116,910,062	2,280,489,222	36.7%
Vehicle stock	26,478,997	262,088	
Other Assets	16,908,705	15,587,389	8.5%
Income Tax Receivable	5,957,726	362,927	
Advances, Deposits and Prepayments	84,439,528	67,948,443	24.3%
Financial Assets - Available for Sale	506,659	506,659	-
Property, Plant and Equipment	157,537,704	150,037,783	5.0%
Investment Property	388,718,933	352,385,530	10.3%
Deferred Tax Assets	112,814,716	112,814,714	-
Intangible Assets	8,530,255	8,807,431	-3.1%
<b>Total Assets</b>	<b>12,408,176,005</b>	<b>11,727,694,421</b>	<b>5.8%</b>
<b>LIABILITIES</b>			
Due to Banks	185,690,738	454,920,306	-59.2%
Other Liabilities	19,139,330	36,650,813	-47.8%
Current Tax Liabilities	-	-	-
Other Borrowed Funds	4,268,809,811	3,001,078,792	42.2%
Due to Customers	6,014,079,291	6,356,067,246	-5.4%
Retirement Benefit Liability	23,694,993	20,044,993	18.2%
<b>Total Liabilities</b>	<b>10,511,414,163</b>	<b>9,868,762,150</b>	<b>6.5%</b>
<b>SHAREHOLDERS' FUNDS</b>			
Stated Capital	1,388,935,273	1,388,935,273	-
Retained Earnings	437,548,174	401,610,081	8.9%
Statutory Reserve Fund and Other Reserves	70,278,396	68,386,917	2.8%
<b>Total Equity</b>	<b>1,896,761,842</b>	<b>1,858,932,271</b>	<b>2.0%</b>
<b>Total Equity and Liabilities</b>	<b>12,408,176,005</b>	<b>11,727,694,421</b>	<b>5.8%</b>
<b>Net Assets Per Share</b>	<b>2.26</b>	<b>2.22</b>	<b>2.0%</b>

\* Figures in brackets indicate deductions.

We 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 September 2018 and its profit for the Six months ended 30th September 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**

Director/Chairman

29th October 2018

Colombo

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

ASIA ASSET FINANCE PLC  
 STATEMENT OF CHANGES IN EQUITY  
 FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2018

	Stated Capital Rs.	General Reserve Rs.	Statutory Reserve Fund Rs.	Accumulated Profit/(Loss) Rs.	Total Rs.
<b>Balance as at 1st April, 2017 (Audited)</b>	<b>1,388,935,273</b>	<b>3,000,000</b>	<b>56,347,669</b>	<b>288,608,924</b>	<b>1,736,891,866</b>
<b>Total comprehensive income for the Period</b>					
Profits for the six months ended 30.09.2017	-	-	-	96,389,062	96,389,062
Other comprehensive income (net of tax)	-	-	-	-	-
Transferred to/from reserves During the Period	-	-	4,819,453	(4,819,453)	-
Final dividend for 2016/17				(58,744,548)	(58,744,548)
<b>Balance as at 30th September, 2017 (Unaudited*)</b>	<b>1,388,935,273</b>	<b>3,000,000</b>	<b>61,167,122</b>	<b>321,433,985</b>	<b>1,774,536,379</b>
<b>Balance as at 1st April, 2018(Audited)</b>	<b>1,388,935,273</b>	<b>3,000,000</b>	<b>65,386,917</b>	<b>401,610,081</b>	<b>1,858,932,271</b>
<b>Total comprehensive income for the Period</b>					
Profits for the six months ended 30.09.2018	-	-	-	37,829,571	37,829,571
Other comprehensive income (net of tax)	-	-	-	-	-
Transferred to/from reserves During the Period	-	-	1,891,479	(1,891,479)	-
<b>Balance as at 30th September, 2018 (Unaudited*)</b>	<b>1,388,935,273</b>	<b>3,000,000</b>	<b>67,278,396</b>	<b>437,548,174</b>	<b>1,896,761,842</b>

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

\* Figures in brackets indicate deductions.

	30.09.2018	30.09.2017
	Rs.	Rs.
	Unaudited*	Unaudited*
<b>Cash Flows From / (Used in) Operating Activities</b>		
<b>Profit Before Tax</b>	60,899,200	129,823,933
Adjustments for		
Depreciation and Amortization	24,562,499	21,844,325
Impairment of Loans, Lease and Hire Purchase	170,000,000	129,000,000
Early termination of loans, leases and hire purchase	-	-
Profit on Sale of Quoted Equity Shares	1,614	40,449
Gain on Fair Valuation of Held for Trading Securities	7,606	(13,523)
Interest Income on Commercial Papers	(6,234,305)	(8,614,120)
Profit from Sale of Property, Plant and Equipment and Investment Property	(147,234)	(490,028)
Gain from disposal of vehicle stock	(451,859)	-
Provision for Retirement Benefit Liability	4,200,000	3,000,000
Finance Cost	2,014,729	1,735,093
Interest expense on other borrowings	251,510,947	185,189,392
<b>Profit from Operation Before Working Capital Changes</b>	506,363,197	461,515,522
(Increase)/Decrease in Lease Rentals Receivable and Hire Purchase	(112,404,288)	(181,016,709)
Increase in Loans and Advances	(1,031,505,203)	(514,221,010)
(Increase)/Decrease in Other Receivables	12,709,914	14,888,323
(Increase)/Decrease in Deposits and Prepayments	(16,491,085)	3,115,039
Increase in Deposits from Customers	(341,987,955)	359,332,495
Increase/(Decrease) in Other Liabilities	(17,511,483)	(26,719,177)
<b>Net Cash From/(Used in) Operating Activities before Income Tax Payments</b>	(1,000,826,903)	116,894,482
Taxes Paid	(19,626,029)	(28,405,713)
Gratuity Paid	(550,000)	(355,000)
<b>Net Cash From Operating Activities</b>	(1,021,002,932)	88,133,769
<b>Cash Flows from / (Used in) Investing Activities</b>		
Acquisition of Property, Plant and Equipment	(30,865,157)	(35,269,569)
Acquisition of intangible assets	(1,272,000)	-
Acquisition of investment property	(36,333,403)	950,000
Proceeds from sale of investment property	-	-
Investments/Proceeds in commercial papers	213,479,053	(399,146,794)
Acquisition of Vehicle Stock	(37,565,049)	-
proceeds from of Vehicle Stock	11,800,000	-
Purchases of Quoted Shares	-	-
Proceeds from Sales of Quoted Shares	204,389	-
Proceeds from Sales of Property, Plant and Equipment	499,148	650,962
<b>Net Cash Flows From/(Used in) Investing Activities</b>	119,946,981	(432,815,401)
<b>Cash Flows from / (Used in) Financing Activities</b>		
Repayment of Other Borrowed Funds	(1,701,529,206)	(1,501,480,808)
Proceeds from Other Borrowed Funds	2,717,749,278	1,673,714,809
<b>Net Cash Flows From/(Used in) Financing Activities</b>	1,016,220,072	172,234,001
<b>Net Increase in Cash and Cash Equivalents</b>	115,164,122	(172,447,631)
<b>Cash and Cash Equivalents at the Beginning of the Period</b>	828,214,080	999,193,573
<b>Cash and Cash Equivalents at the End of the Period</b>	943,378,202	826,745,942
<b>A 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)
	828,214,080	999,193,573
<b>At the End of the Period</b>		
Cash and Cash Equivalents	449,828,008	514,339,520
Investment in Reverse Repurchase Agreements Against Treasury Bills and Bonds	679,240,931	594,399,551
Bank Overdraft	(185,690,738)	(281,993,129)
	943,378,202	826,745,942

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

	Finance Lease		Hire Purchase		Loans and Advances		Investment		Gold Loan		Other		Total	
	30.09.2018 Rs.	30.09.2017 Rs.	30.09.2018 Rs.	30.09.2017 Rs.	30.09.2018 Rs.	30.09.2017 Rs.	30.09.2018 Rs.	30.09.2017 Rs.	30.09.2018 Rs.	30.09.2017 Rs.	30.09.2018 Rs.	30.09.2017 Rs.	30.09.2018 Rs.	30.09.2017 Rs.
Interest Income	381,114,914	164,100,247	1,094,788	7,420,218	635,843,429	798,365,785	51,398,099	64,878,414	208,532,328	128,280,826	29,958,223	24,169,415	1,307,941,780	1,187,214,906
Other Income	6,528,985	6,528,985	295,225	295,225	31,879,579	31,879,579	185,899	185,899	-	-	5,163,682	5,163,682	71,582,552	44,053,370
Total Revenue	387,643,899	170,629,232	1,390,013	7,715,443	667,723,008	830,245,365	51,583,998	65,064,313	208,532,328	128,280,826	35,121,905	29,333,097	1,379,524,333	1,231,268,276
Segmental Result	26,698,047	23,137,480	95,734	1,046,221	45,987,826	112,582,032	3,552,725	8,822,780	14,362,166	17,394,997	2,418,937	3,977,595	95,011,441	166,961,106
Value Added Tax on Financial Services													(34,112,242)	(37,137,172)
Profits from Operations													60,899,200	129,823,933
Income Tax Charge/Reversal for the Period													(23,069,628)	(33,434,871)
Net profit for the Period													37,829,571	96,389,062
Segment Assets	3,088,671,480	1,483,534,513	28,238,582	96,068,495	5,216,611,175	6,021,600,825	1,129,575,723	1,517,224,857	2,143,692,481	1,378,272,023	-	-	11,606,789,441	10,496,700,712
Unallocated Assets	-	-	-	-	-	-	-	-	-	-	801,386,564	673,492,682	801,386,564	673,492,682
Total Assets	3,088,671,480	1,483,534,513	28,238,582	96,068,495	5,216,611,175	6,021,600,825	1,129,575,723	1,517,224,857	2,143,692,481	1,378,272,023	801,386,564	673,492,682	12,408,176,005	11,170,193,394
Segment Liabilities	2,785,783,627	1,320,280,257	25,469,390	85,496,721	4,705,048,787	5,358,959,038	1,018,804,873	1,350,263,177	1,933,473,163	1,226,601,286	-	-	10,468,579,840	9,341,600,480
Unallocated Liabilities	-	-	-	-	-	-	-	-	-	-	42,834,323	54,056,534	42,834,323	54,056,534
Total Liabilities	2,785,783,627	1,320,280,257	25,469,390	85,496,721	4,705,048,787	5,358,959,038	1,018,804,873	1,350,263,177	1,933,473,163	1,226,601,286	42,834,323	54,056,534	10,511,414,163	9,395,657,015

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 2018.
03. The Interim financial statements of Asia Asset Finance PLC for the period ended 30th September, 2018 (including comparatives) were approved and authorized for issue on 29th October 2018 in accordance with resolution of the board of directors on 29th October 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 September, 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.

	<u>30.09.2018</u>	<u>30.09.2017</u>
Issued and Fully Paid Ordinary Shares (Quoted)	839,207,833	839,207,833

08. Market Value of Shares

	<u>30.09.2018</u>	<u>30.09.2017</u>
	Rs.	Rs.
Highest Traded Price	1.10	1.70
Lowest Traded Price	0.90	1.40
Closing Price	1.00	1.40

09. There has been no significant change in the nature of the contingent liabilities/Assets for the year ended 31st March 2018 which were disclosed in the Audited Financials for the year ended 31st March 2018.



11 Major 20 share holders as at 30th September 2018

NAME	No of Shares	(%)
1 Muthoot Finance Limited	503,524,700	60.000
2 Seylan Bank Plc/Dr.Thirugnanasambandar Senthilverl	75,605,044	9.009
3 J.B. Cocoshell (Pvt) Ltd	42,429,508	5.056
4 Mr S.D.R. Arudpragasam	24,606,384	2.932
5 People'S Leasing & Finance Plc/Mr.W.K.R.Jayakody	15,012,800	1.789
6 Mr P.A.D.R.U. Pushpakumara	13,348,000	1.591
7 Mr K.M.S.M. Razeek & Mr K.S.M. Rajubdeen & Mr S.M.R. Mohamed	7,400,000	0.882
8 Seylan Bank Plc/W.D.N.H.Perera	7,100,000	0.846
9 Dfcc Bank Plc/P.S.R.Casie Chitty	5,500,000	0.655
10 Mutiara Holdings (Private) Ltd	5,100,000	0.608
11 Mr C.W. Gunasekara	4,600,000	0.548
12 Code-Gen International Pvt Ltd	4,241,188	0.505
13 Dfcc Bank Plc/Mr.K.S.D.Senaweera	3,350,000	0.399
14 Mr P.P. Subasinghe	3,026,237	0.361
15 Mr C.R. Perera	2,749,991	0.328
16 Mr S. Abishek	2,293,892	0.273
17 Mr M.K. Rahim	2,057,766	0.245
18 Mr U.C. Bandaranayake & Mrs L. Bandaranayake	2,000,000	0.238
19 Mr W.K.R. Jayakody	1,867,600	0.223
20 Mrs M. Arudpragasam	1,843,208	0.220
	<b>727,656,318</b>	<b>86.708</b>
Othres	111,551,515	13.292
<b>Total</b>	<b>839,207,833</b>	<b>100.000</b>

No of Shareholders	% of Shareholding
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12 Shares held by public as at 30th September 2018

2,584	39.83
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13 Directors Share Holding

Name	No. of Shares 30.09.2018	%
Mr.Chandrakumar Ramachandra	800,000	0.095
Mr.Rajiv James Abeywickrema Gunawardena	-	-
Ms.Dayangani Priyanthi Pieris	600,000	0.071
Mr.G.Alexander	-	-
Mr. Danasiri Rupakumara Jayasekara	-	-
Mr.R.A.T.P.Perera	-	-
Mr.K.R.Bijimon	-	-
Mr.K.G.K.Pillai	-	-
Mr.R.A.B. Basnayake	-	-

#### 14. 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)**

PB139PQ

**Registered Office**

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

**Telephone**

011 5 66 99 22

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

**Company Secretary**

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

**Lawyers of the Company**

Gunawardane & Ranasighe Associates  
1056 Mardana Road,  
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  
Nation Trust Bank  
Indian Bank

**Audit Committee**

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

**Integrated Risk Management Committee**

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

**Remuneration Committee**

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

**Related Party Transactions Review Committee**

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

**IT Committee**

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

**Credit Committee**

Mr.Danasiri Rupakumara Jayasekara  
Mr.Rajiv James Abeywicrema Gunawardena  
Mr.Chandrakumar Ramachandra