

INTERIM FINANCIAL STATEMENTS

ASIA ASSET FINANCE PLC



ASIA ASSET
FINANCE PLC

The unconventional finance company

For the six months ended 30th September 2016

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	For the quarter ended			For the six months ended		
	30.09.2016 LKR Unaudited*	30.09.2015 LKR Unaudited*	Change %	30.09.2016 LKR Unaudited*	30.09.2015 LKR Unaudited*	Change %
Interest Income	487,607,178	307,807,947	58.4%	918,892,972	560,861,630	63.8%
Interest Expenses	(225,743,323)	(150,046,085)	50.4%	(420,954,388)	(272,760,304)	54.3%
Net Interest Income	261,863,854	157,761,861	66.0%	497,938,583	288,101,326	72.8%
Net Trading Gain/(Loss) on Equity Securities	713,633	707,559	0.9%	2,363,398	171,416	100.0%
Other Operating Income	31,056,399	24,857,379	24.9%	52,127,857	44,168,818	18.0%
Less: Operating Expenses						
Personnel Costs	(83,957,835)	(59,212,196)	41.8%	(167,540,526)	(112,605,821)	48.8%
Provision for Staff Retirement Benefits	(1,200,000)	(245,274)	389.2%	(2,400,000)	(490,548)	389.2%
General and Administration Expenses	(67,552,217)	(46,838,676)	44.2%	(127,147,190)	(86,492,843)	47.0%
Impairment Charge for Lease Rentals Receivable, Hire Purchase and Loans and Advances	(60,000,000)	(18,999,998)	215.8%	(95,000,000)	(26,000,000)	265.4%
Operating Profit before Value Added Tax on Financial Services	80,923,835	58,030,655	39.5%	160,342,123	106,852,347	50.1%
Value Added Tax on Financial Services	(13,500,000)	(9,210,739)	46.6%	(26,100,000)	(15,245,007)	71.2%
Profit Before Taxation	67,423,835	48,819,916	38.1%	134,242,123	91,607,340	46.5%
Income Tax (Expenses) / Reversal	(10,500,000)	(7,382,298)	42.2%	(21,000,000)	(14,764,596)	42.2%
Profit for the Period	56,923,835	41,437,618	37.4%	113,242,123	76,842,744	47.4%
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	56,923,835	41,437,618	37.4%	113,242,123	76,842,744	47.4%
Earnings Per Share - Basic	0.27	0.20	37.4%	0.18	0.12	47.4%

* The above figures are provisional and subject to audit.

* Figures in brackets indicate deductions.

	30.09.2016 LKR Unaudited*	31.03.2016 LKR Audited*	Change %
ASSETS			
Cash and Cash Equivalents	967,081,202	690,797,870	40.0%
Investment in Reverse Repurchase Agreements Against Treasury Bills and Bonds	432,378,758	328,866,266	31.5%
Other Financial Assets	52,700,635	8,817,330	497.7%
Financial Assets - Held for Trading	241,868	48,244,689	-99.5%
Loans and Advances	6,173,006,459	4,825,421,160	27.9%
Lease Rentals Receivable and Hire Purchase	1,572,879,189	1,702,419,253	-7.6%
Real Estate Inventories	-	34,468,475	-100.0%
Other Assets	12,066,870	14,958,827	-19.3%
Advances, Deposits and Prepayments	53,790,240	60,178,750	-10.6%
Financial Assets - Available for Sale	506,659	506,659	-
Property, Plant and Equipment	159,608,136	145,026,853	10.1%
Investment Property	186,686,880	143,706,564	29.9%
Deferred Tax Assets	100,402,344	100,402,344	-
Intangible Assets	10,430,662	11,585,662	-10.0%
Total Assets	9,721,779,901	8,115,400,702	19.8%
LIABILITIES			
Due to Banks	146,678,838	166,925,303	-12.1%
Other Liabilities	26,121,763	40,410,784	-35.4%
Current Tax Liabilities	18,130,084	28,044,517	-35.4%
Other Borrowed Funds	2,485,910,014	1,609,833,175	54.4%
Due to Customers	5,455,497,555	4,796,299,899	13.7%
Retirement Benefit Liability	14,668,088	12,355,588	18.7%
Total Liabilities	8,147,006,343	6,653,869,266	22.4%
SHAREHOLDERS' FUNDS			
Stated Capital	1,388,935,273	1,388,935,273	-
Retained Earnings	134,596,532	27,016,515	398.2%
Statutory Reserve Fund and Other Reserves	51,241,754	45,579,648	12.4%
Total Equity	1,574,773,559	1,461,531,436	7.7%
Total Equity and Liabilities	9,721,779,901	8,115,400,702	19.8%
Contingent Liabilities and Commitments	223,447,500	210,794,538	6.0%
Net Assets Per Share	1.88	1.74	7.7%

* 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 September 2016 and its profit for the Six months ended 30th September 2016.

Sgd

Geethika Elwalage

Assistant General Manager - Finance & IT

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

24th October 2016

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, 2016

	Stated Capital Rs.	General Reserve Rs.	Statutory Reserve Fund Rs.	Investment Fund Reserve Rs.	Accumulated Profit/(Loss) Rs.	Total Rs.
Balance as at 1st April, 2015(Audited)	1,388,935,273	3,000,000	33,788,597	-	(140,013,446)	1,285,710,424
Profits for the six months ended 30.09.2015	-	-	-	-	76,842,744	76,842,744
Transferred to/from reserves During the Period	-	-	3,842,137	-	(3,842,137)	-
Balance as at 30th September, 2015 (Unaudited*)	<u>1,388,935,273</u>	<u>3,000,000</u>	<u>37,630,735</u>	<u>-</u>	<u>(67,012,839)</u>	<u>1,362,553,169</u>
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 six months ended 30.09.2016	-	-	-	-	113,242,123	113,242,123
Transferred to/from reserves During the Period	-	-	5,662,106	-	(5,662,106)	-
Balance as at 30th September, 2016 (Unaudited*)	<u>1,388,935,273</u>	<u>3,000,000</u>	<u>48,241,754</u>	<u>-</u>	<u>134,596,532</u>	<u>1,574,773,559</u>

* The above figures are provisional and subject to audit.

* Figures in brackets indicate deductions.

	30.09.2016 Rs. Unaudited*	30.09.2015 Rs. Unaudited*
Cash Flows From / (Used in) Operating Activities		
Profit Before Tax	134,242,123	91,607,340
Adjustments for		
Depreciation and Amortization	15,387,317	9,519,242
Impairment of Loans, Lease and Hire Purchase	95,000,000	26,000,000
Profit on Sale of Quoted Equity Shares	(603,213)	5,968
Gain on Fair Valuation of Held for Trading Securities	(1,760,185)	(177,384)
Profit from Sale of Property, Plant and Equipment and Investment Property	2,018,475	4,704,920
Provision for Retirement Benefit Liability	2,400,000	490,548
Finance Cost	1,698,772	35,407,742
Profit from Operation Before Working Capital Changes	248,383,289	167,558,377
(Increase)/Decrease in Vehicle Stock	-	34,445,841
(Increase)/Decrease in Real Estate Inventories	34,468,475	-
(Increase)/Decrease in Lease Rentals Receivable and Hire Purchase	104,050,428	(379,310,879)
Increase in Loans and Advances	(1,359,165,317)	(775,185,830)
(Increase)/Decrease in Other Receivables	2,891,957	1,885,051
(Increase)/Decrease in Deposits and Prepayments	6,388,510	(12,127,000)
(Increase)/Decrease in Other Financial Assets	(43,883,305)	(370,682)
Increase in Deposits from Customers	659,197,656	658,878,761
Increase/(Decrease) in Other Liabilities	(14,289,021)	(5,402,885)
Net Cash From/(Used in) Operating Activities before Income Tax Payments	(361,957,327)	(309,629,246)
Taxes Paid	23,397,893	(2,495,495)
Gratuity Paid	-	-
Net Cash From Operating Activities	(338,559,434)	(312,124,741)
Cash Flows from / (Used in) Investing Activities		
Acquisition of Property, Plant and Equipment	(28,813,601)	(44,520,324)
Acquisition and proceeds from sale of Investment Property	(44,180,317)	-
Acquisition/ proceeds from of Vehicle Stock	(1,300,000)	42,882,000
Purchases of Quoted Shares	-	(128,796)
Proceeds from Sales of Quoted Shares	49,224,546	773,558
Proceeds from Sales of Property, Plant and Equipment	-	11,610,000
Net Cash Flows From/(Used in) Investing Activities	(25,069,372)	10,616,438
Cash Flows from / (Used in) Financing Activities		
Repayment of Other Borrowed Funds	(408,479,544)	(88,048,582)
Proceeds from Other Borrowed Funds	1,172,150,638	810,192,987
Net Cash Flows From/(Used in) Financing Activities	763,671,094	722,144,405
Net Increase in Cash and Cash Equivalents	400,042,288	420,636,102
Cash and Cash Equivalents at the Beginning of the Period	852,738,833	706,160,415
Cash and Cash Equivalents at the End of the Period	1,252,781,121	1,126,796,517
At the End of the Period		
Cash and Cash Equivalents	967,081,202	923,265,289
Investment in Reverse Repurchase Agreements Against Treasury Bills and Bonds	432,378,758	318,419,327
Bank Overdraft	(146,678,838)	(114,888,099)
	1,252,781,121	1,126,796,517

* The above figures are provisional and subject to audit.

	Finance Lease		Hire Purchase		Loans and Advances		Investment		Gold Loan		Other		Total	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Interest Income	147,708,673	101,549,088	24,840,511	51,700,423	614,426,640	360,083,592	50,962,584	25,119,910	67,375,969	22,408,617	13,578,594	-	918,892,972	560,861,630
Other Income	5,765,975	6,574,039	969,677	3,346,959	23,984,837	23,310,931	2,931,181	1,626,201	-	1,450,679	20,839,585	7,860,008	54,491,255	44,340,233
Total Revenue	153,474,647	108,123,127	25,810,189	55,047,382	638,411,477	383,394,522	53,893,765	26,746,111	67,375,969	23,859,296	34,418,180	7,860,008	973,384,227	605,201,863
Segmental Result	25,281,333	19,095,254	4,251,621	9,721,729	105,163,253	67,709,989	8,877,728	4,723,539	11,098,604	4,213,708	5,669,584	1,388,129	160,342,123	106,852,347
Value Added Tax on Financial Services													(26,100,000)	(15,245,007)
Profits from Operations													134,242,123	91,607,340
Income Tax Charge/Reversal for the Period													(21,000,000)	(14,764,596)
Net profit for the Period													113,242,123	76,842,744
Segment Assets	1,304,064,690	1,089,378,112	268,814,499	533,126,563	5,282,636,852	3,242,282,117	1,452,909,122	1,320,679,359	890,369,607	406,025,271	-	-	9,198,794,769	6,591,491,421
Unallocated Assets	-	-	-	-	-	-	-	-	-	-	522,985,132	435,512,211	522,985,132	435,512,211
Total Assets	1,304,064,690	1,089,378,112	268,814,499	533,126,563	5,282,636,852	3,242,282,117	1,452,909,122	1,320,679,359	890,369,607	406,025,271	522,985,132	435,512,211	9,721,779,901	7,027,003,632
Segment Liabilities	1,146,605,415	928,816,930	236,356,496	454,550,144	4,644,784,930	2,764,408,876	1,277,477,628	1,126,027,165	782,861,940	346,182,048	-	-	8,088,086,408	5,619,985,163
Unallocated Liabilities	-	-	-	-	-	-	-	-	-	-	58,919,935	44,465,301	58,919,935	44,465,300
Total Liabilities	1,146,605,415	928,816,930	236,356,496	454,550,144	4,644,784,930	2,764,408,876	1,277,477,628	1,126,027,165	782,861,940	346,182,048	58,919,935	44,465,301	8,147,006,343	5,664,450,463

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 2016.
03. 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.
04. Subsequent to Balance sheet date ,no circumstances has arise that would require adjustments to or disclosure in the Financial statements.
05. Mr. Rajitha Ananda Bandara Basnayake as an Independent, Non-Executive Director and Mr. Kiran Gopala Krishna Pillai as a Non - Independent, Non-Executive Directors have been appointed to the board with effect from 12th August 2016. Mr.Pattage Mayurasiri Bandula Fernando has resigned as an Independent, Non-Executive Director from the Board of Directors of the company with effect from 12th August 2016.
06. Stated capital is represented by number of shares in issue as follows.

	<u>30.09.2016</u>	<u>30.09.2015</u>
Issued and Fully Paid Ordinary Shares (Quoted)	839,207,833	839,207,833

07. Market Value of Shares

	<u>30.09.2016</u>	<u>30.09.2015</u>
	Rs.	Rs.
Highest Traded Price	1.70	1.90
Lowest Traded Price	1.50	1.50
Closing Price	1.60	1.60

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

09. Major 20 share holders as at 30th September 2016

NAME	No of Shares	(%)
1 Muthoot Finance Limited	503,524,700	60.000
2 J.B. Cocoshell (Pvt) Ltd	34,967,876	4.167
3 Seylan Bank PLC/Thirugnanasambandar Senthilverl	33,078,936	3.942
4 Pan Asia Banking Corporation PLC/Mr.Manohan Nanayakkara	28,636,042	3.412
5 Mrs. G.I. Vasunthara	15,000,000	1.787
6 Mr. S.D.R.Arudpragasam	12,925,984	1.540
7 Mr. P.A.D.R.U. Pushpakumara	11,155,600	1.329
8 People'S Leasing & Finance PLC/Mr.W.K.R.Jayakody	10,552,022	1.257
9 Mr.K.M.S.M.Razeek ,Mr.K.S.M.Rajubdeen & Mr.S.M.R.Mohamed	7,400,000	0.882
10 Mr.K.L.S. Sahabandu	7,010,450	0.835
11 Mr.P.P. Subasinghe	4,281,608	0.510
12 Code-Gen International Pvt Ltd	4,241,188	0.505
13 Ceylon Biscuits Limited	3,750,000	0.447
14 Mrs.D.D. Hundlani	3,450,000	0.411
15 Mr.K.S.D.Senaweera	2,900,000	0.346
16 Waldock Mackenzie Limited/Mr.P.S.R.Casie Chitty	2,825,000	0.337
17 Mr.C.W. Gunasekara	2,750,000	0.328
18 M Investments Lanka (Pvt) Ltd	2,578,578	0.307
19 Mr.C.R.Perera	2,250,000	0.268
20 Mr.S.Abishek	2,133,997	0.254
	695,411,981	82.865
Othres	143,795,852	17.135
Total	839,207,833	100.000

No of Shareholders	% of Shareholdin
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10. Shares held by public as at 30th September 2016

2,600 36.42

11. Directors Share Holding

Name	No. of Shares 30.09.2016	%
Pan Asia Banking Corporation PLC / Mr. H.L.L.M. Nanayakkara	28,636,142	3.412
Mr.Rajiv James Abeywickrema Gunawardena	-	-
Ms.Dayangani Priyanthi Pieris	600,000	0.071
Mr.G.Alexander	-	-
Mr.Chandrakumar Ramachandra	800,000	0.095
Mr.R.A.T.P.Perera	-	-
Mr.K.R.Bijimon	-	-
Mr.K.G.K.Pillai	-	-
Mr.R.A.B. Basnayake	-	-

12 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)

PB139

Registered Office

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

Telephone

011 5 66 99 22

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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
Ms.Dayangani Priyanthi Pieris
Mr.George Muthoot Alexander
Mr.Chandrakumar Ramachandra
Mr.Thusitha Perera
Mr. Kuttikattu Rajappan Bijimon
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

Gunawardane & Ranasinghe 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

Audit Committee

Mr.Chandrakumar Ramachandra
Mr.Hiniduma Liyanage Lakpriya Manohan Nanayakkara
Mr.Thusitha Perera
Mr.Kuttikattu Rajappan Bijimon

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 (General Manager)

Remuneration Committee

Mr.Chandrakumar Ramachandra
Mr.Hiniduma Liyanage Lakpriya Manohan Nanayakkara
Mr.Thusitha Perera
Mr.George Muthoot Alexander

Related Party Transactions Review Committee

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