

ABANS FINANCE PLC

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

31 MARCH 2021



ABANS FINANCE PLC
STATEMENT OF COMPREHENSIVE INCOME

	12 Months Ended 31 March			03 Months Ended 31 March		
	2021 Rs. Unaudited	2020 Rs. Audited	Change	2021 Rs. Unaudited	2020 Rs. Audited	Change
Income	1,841,057,823	2,037,875,522	-10%	506,229,149	508,531,414	-0.5%
Interest Income	1,686,328,068	1,838,845,338	-8%	449,486,987	461,371,134	-2.6%
Interest Expenses	(654,608,734)	(876,732,041)	-25%	(136,280,013)	(208,709,215)	-35%
Net Interest Income	1,031,719,333	962,113,297	7.2%	313,206,974	252,661,919	24%
Fee and Commission Income	129,899,513	185,760,201	-30%	49,941,394	43,721,660	14%
Fee and Commission Expenses	(22,341,043)	(13,633,994)	64%	(10,471,613)	(468,433)	2135%
Net Fee and Commission Income	107,558,470	172,126,207	-38%	39,469,781	43,253,227	-9%
Net Gain /(Loss) from Trading	320,000	240,800		-	-	
Other Operating Income (net)	24,510,242	13,029,183	88%	6,800,768	3,438,620	98%
Total Operating Income	1,164,108,045	1,147,509,487	1%	359,477,523	299,353,766	20%
Credit Loss Expense on Financial Assets and Other Losses	(108,266,753)	(333,253,807)	-68%	(22,602,440)	(2,641,896)	756%
Net Operating Income	1,055,841,292	814,255,680	30%	336,875,082	296,711,870	14%
Operating Expenses						
Personnel Costs	(273,473,301)	(269,968,327)	1%	(83,610,223)	(66,296,668)	26%
Depreciation & Amortization	(68,844,612)	(68,916,552)	0%	(16,164,167)	(49,168,383)	-67%
Other Operating Expenses	(190,643,922)	(239,636,409)	-20%	(48,301,755)	(16,483,814)	193%
Operating Profit before Value Added Tax on FS & Levy	522,879,458	235,734,393	122%	188,798,937	164,763,006	15%
Taxes on Financial Services	(95,713,451)	(81,785,541)	17%	(31,709,587)	(28,001,552)	13%
Profit / (Loss) before Taxation from Operations	427,166,007	153,948,852	177%	157,089,350	136,761,454	15%
Income Tax (Expense)/Reversal	(139,975,056)	(50,521,758)	177%	(58,156,284)	(45,365,538)	28%
Profit/(Loss) for the Period	287,190,951	103,427,094	178%	98,933,066	91,395,916	8%
Other Comprehensive Income						
Items that will not be reclassified to profit or loss						
Actuarial Gains/(Losses) on Defined Benefit Plan	(2,516,706)	(235,217)		(2,516,706)	(235,217)	
Deferred Tax effect on above	604,010	65,861		604,010	65,861	
Net Other Comprehensive Gain/Loss not to be re	(1,912,697)	(169,356)		(1,912,697)	(169,356)	
Items that will be reclassified to profit or loss						
Surplus from Revaluation of Property, Plant & Equipment	89,459,907			89,459,907	-	
Deferred Tax Effect of above	(19,056,000)			(19,056,000)	-	
	70,403,907	-		70,403,907	-	
Other Comprehensive Income for the Period, Net of Tax	68,491,211	(169,356)		68,491,211	(169,356)	
Total Comprehensive Income for the Period	355,682,162	103,257,738	244%	167,424,276	91,226,560	84%
Earnings Per Share	4.31	1.55		1.49	1.37	

The figures presented above are provisional and subject to Audit.

27th May'2021
Colombo

ABANS FINANCE PLC
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Change	MARCH'2021 Rs. (Un Audited)	MARCH '2020 Rs. (Audited)
Assets			
Cash and Bank Balances	53.9%	226,092,544	146,941,688
Placements with Banks	1.4%	207,264,972	204,354,154
Securities Purchased under Repurchase Agreement	237.5%	942,235,676	279,143,141
Loans and Advances	-28.2%	1,379,508,592	1,920,095,538
Lease Rentals Receivable & Stock Out on Hire	3.0%	6,027,133,949	5,854,327,613
Equity instruments at fair value through OCI	0.0%	80,400	80,400
Debt instruments at amortised cost	-93.9%	13,684,192	225,421,143
Other Financial Assets	3.5%	99,842,557	96,487,549
Real Estate Stock	-21.0%	31,066,726	39,313,213
Other Non Financial Assets	-22.9%	49,289,851	63,953,134
Intangible Assets	15.4%	33,866,422	29,339,420
Property, Plant & Equipment	107.6%	146,041,713	70,332,907
Right of use Asset		62,490,871	81,250,333
Deferred Tax Asset	-78.2%	9,815,140	45,073,647
Total Assets	1.9%	9,228,413,606	9,056,113,880
Liabilities			
Due to Banks	-53.0%	380,234,236	809,672,689
Due to Customers	-4.5%	4,918,802,137	5,148,142,044
Debt Inst. Issued and Other Borrowed Funds	86.3%	1,210,632,535	649,837,356
Other Financial Liabilities	-25.6%	535,607,003	720,063,470
Other Non Financial Liabilities	-33.3%	15,877,158	23,791,226
Retirement Benefit Liability	39.0%	27,014,926	19,435,147
Current Tax Liabilities	207.7%	147,245,447	47,853,949
Total Liabilities	-2.5%	7,235,413,443	7,418,795,879
Shareholders' Funds			
Stated Capital	0.0%	1,121,412,955	1,121,412,955
Statutory Reserve	43.0%	191,107,440	133,669,250
Revaluation Reserve		70,403,907	-
Retained Earnings	59.6%	610,075,861	382,235,796
Total Shareholders' Funds	21.7%	1,993,000,163	1,637,318,001
Total Liabilities and Shareholders' Funds	1.9%	9,228,413,606	9,056,113,880
Commitments and Contingencies		267,976,945	250,578,961
Net Assets Per Share		29.94	24.60

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

Sgd
BGP Samantha
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,

Sgd
Hiran Embuldeniya
Director

Sgd
Thulci Aluwihare
Director

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

As at 31 March

	Stated Capital Rs.	Retained Earnings Rs.	Revaluation Reserve	Statutory Reserve Rs.	Total Rs.
Balance as at 01 April 2019	1,121,412,955	299,663,476	-	112,983,832	1,534,060,261
Net Profit / (Loss) for the Period	-	103,427,094	-	-	103,427,094
Other Comprehensive Income Net of Tax	-	(169,356)	-	-	(169,356)
Transfer to / (from) during the Period	-	(20,685,418)	-	20,685,418	-
Balance as at 31 March 2020	1,121,412,955	382,235,796	-	133,669,250	1,637,317,998
Balance as at 01 April 2020	1,121,412,955	382,235,796	-	133,669,250	1,637,318,001
Net Profit / (Loss) for the Period	-	287,190,951	-	-	287,190,951
Other Comprehensive Income Net of Tax	-	(1,912,697)	70,403,907	-	68,491,211
Transfer to / (from) during the Period	-	(57,438,190)	-	57,438,190	-
Balances as at 31 March 2021	1,121,412,955	610,075,861	70,403,907	191,107,440	1,993,000,163

ABANS FINANCE PLC
CASH FLOW STATEMENT
FOR THE PERIOD ENDED

Cash Flows From / (Used in) Operating Activities

Profit before Income Tax Expense

Adjustments for

Depreciation

Amortization of Intangible Assets

Amortization of Right to use assets

Interest Expense on Borrowings

Interest Expense on Lease Liability

Allowance for Impairment

Loss/(Profit) on Disposal of Property & Equipment

Provision/(Reversal) for Defined Benefit Plans

Dividend Received

Operating Profit before Working Capital Changes

(Increase)/Decrease in Real Estate Stock

(Increase)/Decrease in Loans and Advances

(Increase)/Decrease in Lease Rentals Receivable & Stock out on hire

(Increase)/Decrease in Other Financial Assets

(Increase)/Decrease in Other Non Financial Assets

Increase/(Decrease) in Amounts Due to Customers

Increase/(Decrease) in Other Financial Liabilities

Increase/(Decrease) in Other Non Financial Liabilities

Cash Generated from Operations

Interest Expense Paid

Retirement Benefit Liabilities Paid

Taxes Paid

Net Cash From/(Used in) Operating Activities

Cash Flows from / (Used in) Investing Activities

Acquisition of Property, Plant & Equipment

Acquisition of Intangible Assets

Proceeds from Sales of Property, Plant & Equipment

Cash Flow from / (Used in) Fixed Deposits

Sale/(Purchase) of Debt Instruments at Amortised Cost

Dividend Received

Net Cash Flows from/(Used in) Investing Activities

Cash Flows from / (Used in) Financing Activities

Cash Inflow from Long Term Bank Borrowings

Cash Outflow from Long Term Bank Borrowings

Cash Inflow from Other Borrowings

Cash outflow from Other Borrowings

Payment of Capital portion of Lease Liabilities

Net Cash Flows from/(Used in) Financing Activities

Net Increase in Cash and Cash Equivalents

Cash and Cash Equivalents at the beginning of the year

Cash and Cash Equivalents at the end of the year

2021 Rs.	2020 Rs.
427,166,007	153,948,852
18,004,160	21,463,911
7,996,000	4,650,912
42,844,454	42,801,730
141,143,541	
10,692,222	12,871,643
108,266,753	333,253,807
(3,545,932)	163,923
6,581,662	5,489,724
(320,000)	(240,800)
758,828,866	574,403,702
8,246,487	11,480,000
384,697,688	116,043,630
(187,101,950)	(664,659,923)
(79,215,544)	(103,755,859)
14,663,283	200,261
(229,339,907)	(644,824,481)
(247,764,752)	83,636,057
(7,914,068)	5,049,277
415,100,105	(622,427,336)
(153,204,719)	
(1,518,589)	(3,760,975)
(23,614,623)	(20,730,598)
236,762,174	(646,918,909)
(4,426,125)	(6,969,045)
(12,523,001)	(1,231,497)
3,739,000	296,000
186,490	(5,075,085)
211,736,951	214,384,518
320,000	240,800
199,033,315	201,645,692
-	755,000,000
(285,799,259)	(603,022,906)
1,241,191,784	536,984,138
(655,866,822)	(307,740,627)
(50,246,244)	(47,377,116)
249,279,459	333,843,489
685,074,947	(111,429,728)
540,071,245	651,500,973
1,225,146,193	540,071,245

The figures presented above are provisional and subject to Audit.

ABANS FINANCE PLC

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

	Amortised Cost		Equity Instruments - FVOCI		Total	
As at	31.03.2021 Rs.	31.03.2020 Rs.	31.03.2021 Rs.	31.03.2020 Rs.	31.03.2021 Rs.	31.03.2020 Rs.
Assets						
Cash and Bank Balances	226,092,544	146,941,688	-	-	226,092,544	146,941,688
Placements with Banks	207,264,972	204,354,154	-	-	207,264,972	204,354,154
Repurchase Agreements	942,235,676	279,143,141	-	-	942,235,676	279,143,141
Loans and Advances	1,379,508,592	1,920,095,535	-	-	1,379,508,592	1,920,095,535
Lease rentals receivable & Stock out on hire	6,027,133,949	5,854,327,613	-	-	6,027,133,949	5,854,327,613
Equity instruments at fair value through OCI	-	-	80,400	80,400	80,400	80,400
Debt instruments at amortised cost	13,684,192	225,421,143	-	-	13,684,192	225,421,143
Other financial assets	99,842,557	96,487,549	-	-	99,842,557	96,487,549
Total Financial Assets	8,895,762,482	8,726,770,823	80,400	80,400	8,895,842,882	8,726,851,222

	OFL at Amortized Cost		Total	
	31.03.2021 Rs.	31.03.2020 Rs.	31.03.2021 Rs.	31.03.2020 Rs.
Liabilities				
Due to Banks	380,234,236	809,672,688	380,234,236	809,672,688
Due to Customers	4,918,802,137	5,148,142,044	4,918,802,137	5,148,142,044
Debt Instruments Issued & Other borrowed funds	1,210,632,535	649,837,356	1,210,632,535	649,837,356
Other Financial Liabilities	535,607,003	720,063,470	535,607,003	720,063,470
Total Financial Liabilities	7,045,275,911	7,327,715,558	7,045,275,911	7,327,715,558

FVOCI - Fair Value Through Other Comprehensive Income

OFL - Other Financial Liabilities

ABANS FINANCE PLC

FINANCIAL REPORTING BY SEGMENT

	Leasing		Hirepurchase		Term Loans		Others		Total	
FOR THE PERIOD ENDED 31 MARCH	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Interest Income	1,298,063,388	1,352,229,317	126,003	1,492,710	346,327,135	405,750,147	41,811,541	79,373,164	1,686,328,068	1,838,845,338
Fee Based Income & Others	123,914,290	174,155,250	3,629,454	1,089,661	1,936,522	7,072,885	8,527,576	2,250,446	138,007,843	184,568,242
Unallocated Income	-	-	-	-	-	-	16,721,913	14,461,942	16,721,913	14,461,942
Total Revenue	1,421,977,678	1,526,384,567	3,755,458	2,582,371	348,263,657	412,823,032	67,061,030	96,085,552	1,841,057,823	2,037,875,523
Interest Expenses	(452,648,947)	(580,167,027)	(1,562,301)	(2,363,308)	(126,139,137)	(212,128,538)	(74,258,350)	(82,073,169)	(654,608,734)	(876,732,041)
Fee Based Expenses & Others	(9,468,943)	(361,818)	-	-	-	(19,373)	(12,872,101)	(13,252,802)	(22,341,043)	(13,633,993)
Impairment Reversal / (Allowance)	(14,245,235)	(71,702,129)	(50,379)	(254,534)	(20,659,167)	(91,641,421)	(73,311,972)	(169,655,724)	(108,266,753)	(333,253,807)
Net Operating Income	945,614,553	874,153,594	2,142,778	(35,470)	201,465,353	109,033,700	(93,381,392)	(168,896,143)	1,055,841,292	814,255,681
Unallocated Expenses									(628,675,285)	(660,306,829)
Profits/ (Loss) before Tax									427,166,007	153,948,852
Income Tax expenses									(139,975,056)	(50,521,758)
Net Profit / (Loss) for the period									287,190,951	103,427,094
Other Comprehensive Income									68,491,211	(169,356)
Total Comprehensive Income for the Year									355,682,162	103,257,738
Segment Assets	6,006,543,852	5,834,050,346	20,590,097	20,277,267	1,379,508,592	1,920,095,538	1,194,251,566	748,231,652	8,600,894,107	8,522,654,802
Unallocated Assets	-	-	-	-	-	-	-	-	627,519,498	533,459,078
Total Assets	6,006,543,852	5,834,050,346	20,590,097	20,277,267	1,379,508,592	1,920,095,538	1,194,251,566	748,231,652	9,228,413,606	9,056,113,880
Unallocated Liabilities									7,235,413,443	7,418,795,879
Total Liabilities									7,235,413,443	7,418,795,879

ABANS FINANCE PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021****(a) . BASIS OF PREPARATION**

These Interim Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards LKAS 34 - Interim Financial Reporting, and present information required by Listing Rules of Colombo Stock Exchange.

The accounting policies followed in the preparation of these financial statements are the same as those used in the audited financial statements for the year ended 31 March 2020, other than the Note (k) provided herewith.

These Financial Statements are provisional and subject to audit.

(b) DAY 1 LOSS ON GRANTING MORATORIUM

Modifications to the original terms and conditions of the loans due to COVID-19 moratorium did not result in a derecognition of the original loans, as the Company concluded that the modifications were not substantial. Accordingly, initial modification loss of Company Rs 73.99 Mn has been recognised during the year ended 31 March 2021 under interest income, representing the difference between the original carrying value of the loan (before modification) and the discounted present value of the revised cash flows (at the Original EIR) at the date of the loan modification.

(c). EVENTS AFTER THE REPORTING DATE

There were no events after the reporting date with require disclosure.

(d). CORE CAPITAL

Direction No. 02 of 2017 issued under the Finance Business Act as amended up to 31 December 2020 requires a finance company to have a core capital of at least Rs. 2 billion. As the core capital of the company is less than the said amount, the Central Bank of Sri Lanka has issued a direction which requires the amount of deposits accepted by the company not to exceed Rs. 6 billion. The amount of deposits held by the company as at the end of the reporting period was Rs. 4,918.8 million.

(e). CREDIT RATING

A (Ika) by FITCH Ratings Lanka Ltd.

(f). TRADED PRICE PER SHARE

	03 Months Ended 31 March 2021	03 Months Ended 31 March 2020
Highest	Rs.30.00	Rs.22.80
Lowest	Rs.23.00	Rs.15.10
Closing	Rs.27.50	Rs.15.90

(g). MARKET CAPITALIZATION

- Market Capitalization (Rs.)	1,830,443,258
- Float Adjusted Market Capitalization (Rs.)	148,245,900

ABANS FINANCE PLC**NOTES TO THE FINANCIAL STATEMENTS (Cont.)
FOR THE PERIOD ENDED 31 MARCH 2021****(h). SHARES HELD BY PUBLIC**

- Public Share holding as at 31 March is, 8.099%
- Number of Public Share Holders as at 31 March 2021 is, 770.

(i). SHARES HELD BY DIRECTORS

Name of The Director	31 March 2021	
	No.of Shares	(%)
Mr. R Pestonjee	220,660 *	0.33
Mr. V K Choksy (Resigned w.e.f 28th August 2020)	NIL	-
Mr. A S Ratnayake	NIL	-
Mr. H C Embuldeniya (Appointed w.e.f 13th March 2020)	NIL	-
Mr. W B W M R A M T G Aluwihare (Appointed w.e.f 28th December 2020)	NIL	-
Mr. Rashmika Nissanga (Appointed w.e.f 29th September 2020)	NIL	-
Mr. M P Parekh (Resigned w.e.f 29th September	NIL	-
Mr. K J C Perera (Appointed w.e.f 19th February	NIL	-
Ms. D S Ratnayake (Appointed w.e.f 19th February 2021)	NIL	-

* This includes 28,800 Shares Held Jointly.

(j). TWENTY LARGEST SHAREHOLDERS

	31 March 2021	
	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%
17 Mr. P. Thilakaratne	85,291	0.13%
14 Mrs.A.Pestonjee	80,000	0.12%
15 Bansei Securities Capital (Pvt) Lts/P.MDN.Tissera	76,987	0.12%
19 Mr.M.G.M. Hussain	70,701	0.11%
16 Mrs.H.I.Salgado	66,600	0.10%
18 Mr.G.C.Goonetilleke	48,105	0.07%
20 Mr.R.E.Rambukwella	38,517	0.06%
	65,637,810	98.61%
Others	923,763	1.39%
Total	66,561,573	100.00%

(k) . REVALUATION OF FREE HOLD LAND (PROPERTY, PLANT AND EQUIPMENT)

The Company's accounting policy was to measure Free Hold Land under the cost model in LKAS 16 Property, Plant and Equipment whereby, after initial recognition, free hold land was carried at its historical cost less accumulated impairment allowances, if any.

In the period ended 31 March 2021, the Company changed its accounting policy to measure the Company's free hold land from a cost model to one of regular revaluation, where free hold land is measured at fair value less accumulated impairment losses recognized after the date of revaluation ("revaluation model"), in accordance with LKAS 16. The Company determined that the land constitute separate class of property, plant and equipment, based on their nature, characteristics and risks.

The Company believes that a revaluation model provides more relevant information to the users of its financial statements as it is aligned to accounting practices adopted by its parent. In addition, available valuation techniques provide reliable estimates of the free hold land fair value.

LKAS 8.17 and LKAS 8.18 exempt this change in accounting policy from the requirement to retrospectively apply the accounting policy. Hence, the Company has applied its change in accounting policy for the measurement of Free hold land to the revaluation model, prospectively. Therefore, free hold land has been measured at fair value as at 31 March 2021.

Fair value of the land was determined using the market comparable method. The valuations have been performed by the valuer and are based on proprietary databases of prices of transactions for properties of similar nature, location and condition.

As at the dates of revaluation on 31 March 2021, the lands' fair values are based on valuations performed by a professionally qualified independent valuer .

A net gain from the revaluation of the land Rs.89,459,907 in 2020/2021 was recognised in OCI and the surplus arising from the revaluation was transferred to a revaluation reserve.

	Rs.
Carrying Value before Revaluation as at 31 March 2021*	24,940,093
Revaluation gain recognised in OCI due to change in accounting policy to revaluation model as at 31 March 2021	89,459,907
Carrying Value and fair value as at 31 March 2021	<u>114,400,000</u>