

ABANS FINANCE PLC

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

30 SEPTEMBER 2021



ABANS FINANCE PLC
STATEMENT OF COMPREHENSIVE INCOME

	06 Months Ended 30 September			03 Months Ended 30 September		
	2021 Rs. Unaudited	2020 Rs. Unaudited	Change	2021 Rs. Unaudited	2020 Rs. Unaudited	Change
Income	948,931,550	823,710,561	15%	463,969,632	458,078,791	1.3%
Interest Income	884,683,648	767,949,698	15.2%	436,321,336	416,178,328	4.8%
Interest Expenses	(270,455,893)	(365,496,396)	-26.0%	(130,597,089)	(181,610,925)	-28%
Net Interest Income	614,227,756	402,453,302	52.6%	305,724,247	234,567,403	30%
Fee and Commission Income	61,074,166	49,565,649	23.2%	25,851,921	36,503,107	-29%
Fee and Commission Expenses	(10,892,349)	(5,409,328)	101.4%	(4,768,941)	(3,023,664)	58%
Net Fee and Commission Income	50,181,817	44,156,321	13.6%	21,082,980	33,479,443	-37%
Net Gain /(Loss) from Trading	-	320,000	-	-	320,000	-
Other Operating Income (net)	3,173,736	5,875,215	-46.0%	1,796,375	5,077,356	-65%
Total Operating Income	667,583,309	452,804,838	47.4%	328,603,602	273,444,202	20%
Credit Loss Expense on Financial Assets and Other Losses	(73,791,614)	(83,720,087)	-11.9%	32,148,696	28,287,457	14%
Net Operating Income	593,791,694	369,084,752	60.9%	360,752,297	301,731,659	20%
Operating Expenses						
Personnel Costs	(155,612,149)	(121,848,419)	27.7%	(80,361,500)	(63,929,223)	26%
Depreciation & Amortization	(32,470,884)	(33,555,076)	-3.2%	(16,030,125)	(17,045,689)	-6%
Other Operating Expenses	(139,392,812)	(93,342,517)	49.3%	(78,207,262)	(52,177,205)	50%
Operating Profit before Value Added Tax on FS & Levy	266,315,849	120,338,741	121.3%	186,153,411	168,579,542	10%
Taxes on Financial Services	(49,899,745)	(29,504,416)	69.1%	(30,461,655)	(28,229,880)	8%
Profit / (Loss) before Taxation from Operations	216,416,104	90,834,325	138.3%	155,691,757	140,349,662	11%
Income Tax (Expense)/Reversal	(55,813,215)	(27,250,298)	104.8%	(35,774,180)	(42,104,899)	-15%
Profit/(Loss) for the Period	160,602,890	63,584,027	152.6%	119,917,577	98,244,763	22%
Other Comprehensive Income for the Period, Net of Tax	-	-	-	-	-	-
Total Comprehensive Income for the Period	160,602,890	63,584,027	152.6%	119,917,577	98,244,763	22%
Earnings Per Share	2.41	0.96		1.80	1.48	

The figures presented above are provisional and subject to Audit.

10th November'2021
Colombo

ABANS FINANCE PLC**STATEMENT OF FINANCIAL POSITION**

AS AT 30 SEPTEMBER 2021

	Change	SEPTEMBER'2021 Rs. (Un Audited)	MARCH '2021 Rs. (Audited)
Assets			
Cash and Bank Balances	-20.8%	178,966,382	226,092,543
Placements with Banks	-24.8%	155,798,629	207,264,972
Securities Purchased under Repurchase Agreement	-1.0%	932,357,677	942,235,676
Money Market Investments		201,444,209	-
Financial Investments - Debt Securities		50,154,110	-
Loans and Advances	-17.3%	1,140,409,432	1,379,508,592
Lease Rentals Receivable & Stock Out on Hire	0.2%	6,036,911,713	6,027,133,949
Equity instruments at fair value through OCI	0.0%	80,400	80,400
Debt instruments at amortised cost	-12.3%	11,999,882	13,684,192
Other Financial Assets	-14.2%	85,690,452	99,842,557
Real Estate Stock	0.0%	31,066,726	31,066,726
Other Non Financial Assets	-4.7%	46,994,758	49,289,851
Intangible Assets	-8.7%	30,908,592	33,866,422
Property, Plant & Equipment	6.1%	154,985,474	146,041,713
Right of use Asset	-11.9%	55,065,573	62,490,872
Deferred Tax Asset	-100.0%	-	9,815,140
Total Assets	-1.3%	9,112,834,008	9,228,413,605
Liabilities			
Due to Banks	-47.9%	197,927,342	380,234,236
Due to Customers	2.3%	5,033,579,907	4,918,802,137
Debt Inst. Issued and Other Borrowed Funds	-2.4%	1,181,137,941	1,210,632,535
Other Financial Liabilities	-30.7%	371,326,949	535,607,003
Other Non Financial Liabilities	171.9%	43,177,217	15,877,158
Retirement Benefit Liability	16.2%	31,380,676	27,014,926
Current Tax Liabilities	-33.1%	98,562,865	147,245,448
Deferred Tax Liability		2,138,059	-
Total Liabilities	-3.8%	6,959,230,955	7,235,413,443
Shareholders' Funds			
Stated Capital	0.0%	1,121,412,955	1,121,412,955
Statutory Reserve	0.0%	191,107,439	191,107,439
Revaluation Reserve	0.0%	70,403,907	70,403,907
Retained Earnings	26.3%	770,678,751	610,075,861
Total Shareholders' Funds	8.1%	2,153,603,053	1,993,000,162
Total Liabilities and Shareholders' Funds	-1.3%	9,112,834,008	9,228,413,605
Commitments and Contingencies		343,821,141	319,321,141
Net Assets Per Share		32.36	29.94

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
Cecil Perera
Director

Sgd
Hiran Embuldeniya
Director

10th November'2021
Colombo

ABANS FINANCE PLC
STATEMENT OF CHANGES IN EQUITY

FOR THE QUARTER ENDED

	Stated Capital Rs.	Retained Earnings Rs.	Revaluation Reserve	Statutory Reserve Rs.	Total Rs.
Balance as at 01 April 2020	1,121,412,955	382,235,796	-	133,669,249	1,637,318,000
Net Profit / (Loss) for the Period	-	63,584,027	-	-	63,584,027
Balance as at 30 September 2020	<u>1,121,412,955</u>	<u>445,819,823</u>	<u>-</u>	<u>133,669,249</u>	<u>1,700,902,027</u>
Balance as at 01 April 2021	1,121,412,955	610,075,861	70,403,907	191,107,440	1,993,000,163
Net Profit / (Loss) for the Period	-	160,602,890	-	-	160,602,890
Balances as at 30 September 2021	<u>1,121,412,955</u>	<u>770,678,751</u>	<u>70,403,907</u>	<u>191,107,440</u>	<u>2,153,603,053</u>

10th November'2021
Colombo

CASH FLOW STATEMENT

FOR THE PERIOD ENDED

	30th September 2021 Rs.	30th September 2020 Rs.
Cash Flows From / (Used in) Operating Activities		
Profit / (Loss) Before Income Tax Expense	216,416,104	90,834,325
Adjustments for		
Depreciation	29,513,057	31,210,725
Amortisation of Intangible Assets	2,957,827	2,344,351
Allowance for impairment	73,791,614	83,720,087
Loss/(Profit) on Disposal of Property, Plant & Equipment	-	51,099
Provision/(reversal) for Defined Benefit Plans	4,500,000	2,700,000
Dividend Received	-	(320,000)
Interest Accrued on Borrowings	67,916,272	82,711,820
Operating Profit before Working Capital Changes	395,094,875	293,252,407
(Increase)/Decrease in Real Estate Stock	-	915,987
(Increase)/Decrease in Loans and Advances	228,095,688	190,807,392
(Increase)/Decrease in Lease Rentals Receivable & Stock out on hire	(62,297,528)	430,131,209
(Increase)/Decrease in Other Financial Assets	3,883,726	(15,353,969)
(Increase)/Decrease in Right-of-use Assets	(13,832,574)	(23,148,108)
(Increase)/Decrease in Other Non Financial Assets	2,295,092	(2,176,367)
Increase/(Decrease) in Amounts Due to Customers	114,777,770	(164,146,404)
Increase/(Decrease) in Other Financial Liabilities	(164,280,055)	(194,670,361)
Increase/(Decrease) in Other Non Financial Liabilities	27,300,059	1,425,885
Cash Generated from Operations	531,037,054	517,037,672
Retirement Benefit Liabilities Paid	(134,250)	(434,450)
Interest paid on Bank and Other Borrowings	(53,186,039)	(99,370,297)
Taxes Paid	(92,542,598)	(21,392,030)
Net Cash From/(Used in) Operating Activities	385,174,167	395,840,896
Cash Flows from / (Used in) Investing Activities		
Acquisition of Property, Plant & Equipment	(17,198,945)	(1,368,680)
Acquisition of Intangible Assets	-	(116,987)
Proceeds from Sales of Property, Plant & Equipment	-	94,000
Sale/(Purchase) of Placement with banks	(252,703,530)	(318,536)
Disposal/(Acquisition) of Debt instruments at amortised cost	(48,469,800)	7,987,790
Dividends Received	-	320,000
Net Cash Flows from/(Used in) Investing Activities	(318,372,274)	6,597,587
Cash Flows from / (Used in) Financing Activities		
Repayment of Borrowings	(64,200,000)	(130,792,424)
Borrowings through Commercial Papers	263,775,174	-
Borrowings through Securitization	-	445,000,000
Repayment of Securitization	(308,000,000)	(409,035,428)
Net Cash Flows from/(Used in) Financing Activities	(108,424,826)	(94,827,851)
Net Increase in Cash and Cash Equivalents	(41,622,933)	307,610,631
Cash and Cash Equivalents at the beginning of the year	1,225,146,193	540,071,245
Cash and Cash Equivalents at the end of the year	1,183,523,260	847,681,877

The figures presented above are provisional and subject to Audit.

 10th November'2021
Colombo

ABANS FINANCE PLC
ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

	Amortised Cost		Equity Instruments - FVOCI		Total	
As at	30.09.2021 Rs.	31.03.2021 Rs.	30.09.2021 Rs.	31.03.2021 Rs.	30.09.2021 Rs.	31.03.2021 Rs.
Assets						
Cash and Bank Balances	178,966,382	226,092,543	-	-	178,966,382	226,092,543
Placements with Banks	155,798,629	207,264,972	-	-	155,798,629	207,264,972
Repurchase Agreements	932,357,677	942,235,676			932,357,677	942,235,676
Financial Investments - Debt Securities	50,154,110	-	-	-	50,154,110	-
Money Market Investments	201,444,209	-			201,444,209	-
Loans and Advances	1,140,409,432	1,379,508,592	-	-	1,140,409,432	1,379,508,592
Lease rentals receivable & Stock out on hire	6,036,911,713	6,027,133,949	-	-	6,036,911,713	6,027,133,949
Equity instruments at fair value through OCI	-	-	80,400	80,400	80,400	80,400
Debt instruments at amortised cost	11,999,882	13,684,192			11,999,882	13,684,192
Other financial assets	85,690,452	99,842,557	-	-	85,690,452	99,842,557
Total Financial Assets	8,793,732,485	8,895,762,482	80,400	80,400	8,793,812,885	8,895,842,881

	OFL at Amortized Cost		Total	
	30.09.2021 Rs.	31.03.2021 Rs.	30.09.2021 Rs.	31.03.2021 Rs.
Liabilities				
Due to Banks	197,927,342	380,234,236	197,927,342	380,234,236
Due to Customers	5,033,579,907	4,918,802,137	5,033,579,907	4,918,802,137
Debt Instruments Issued & Other borrowed funds	1,181,137,941	1,210,632,535	1,181,137,941	1,210,632,535
Other Financial Liabilities	371,326,949	535,607,003	371,326,949	535,607,003
Total Financial Liabilities	6,783,972,139	7,045,275,911	6,783,972,139	7,045,275,911

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 30 SEPTEMBER	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Interest Income	741,644,630	587,073,090	964,236	41,142	113,162,655	161,600,484	28,912,127	19,234,983	884,683,648	767,949,698
Fee Based Income & Others	57,610,957	47,450,160	2,267,865	787,683	1,159,714	1,084,387	35,629	682,249	61,074,166	50,004,478
Unallocated Income							3,173,736	5,756,386	3,173,736	5,756,386
Total Revenue	799,255,587	634,523,249	3,232,101	828,824	114,322,370	162,684,871	32,121,492	25,673,618	948,931,550	823,710,562
Interest Expences	(189,391,240)	(247,985,114)	(736,684)	(836,696)	(39,713,608)	(80,132,306)	(40,614,361)	(36,542,279)	(270,455,893)	(365,496,396)
Fee Based Expences & Others	(4,334,222)	(224,737)	-	-	-	-	(6,558,127)	(5,184,591)	(10,892,349)	(5,409,327)
Impairment Reversal / (Allowance)	(52,286,629)	(10,883,727)	(233,134)	1,430,819	(11,003,472)	(20,213,670)	(10,268,379)	(54,053,509)	(73,791,614)	(83,720,087)
Net Operating Income	553,243,495	375,429,671	2,262,284	1,422,947	63,605,289	62,338,895	(25,319,374)	(70,106,761)	593,791,694	369,084,752
Unallocated Expenses									(377,375,590)	(278,250,427)
Profits/ (Loss) before Tax									216,416,104	90,834,325
Income Tax expenses									(55,813,215)	(27,250,298)
Net Profit / (Loss) for the period									160,602,890	63,584,027
Segment Assets	6,010,757,573	5,397,127,023	26,154,141	17,616,473	1,140,409,432	1,709,074,473	1,382,821,232	906,758,096	8,560,142,377	8,030,576,064
Unallocated Assets									552,691,630	647,788,821
Total Assets	6,010,757,573	5,397,127,023	26,154,141	17,616,473	1,140,409,432	1,709,074,473	1,382,821,232	906,758,096	9,112,834,008	8,678,364,886
Unallocated Liabilities									6,959,230,955	6,977,462,859
Total Liabilities									6,959,230,955	6,977,462,859

ABANS FINANCE PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021****(a) . BASIS OF PREPARATION**

These Interim Financial Statements have been prepared in accordance with Sri Lanka Accounting Standard LKAS 34 Interim Financial Reporting, and present information required by Listing Rules of the 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 2021, except as described in these notes.

These Financial Statements are provisional and subject to audit.

(b). EVENTS AFTER THE REPORTING DATE

There were no events after the reporting date which required disclosure.

(c). 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 Bn. Though the core capital requirement of Rs. 2 Bn has been fulfilled by 31st August 2021 the restriction that was imposed by CBSL prior to August 2021 remains as the restriction has not been officially lifted by CBSL. As per the Direction of Central Bank of Sri Lanka it 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. 5,033 million.

(d). CREDIT RATING

A (lka) /rating outlook evolving, by FITCH Ratings Lanka Ltd

(e). TRADED PRICE PER SHARE

	03 Months Ended 30 September 2021	03 Months Ended 30 September 2020
Highest	Rs. 31.90	Rs. 30.10
Lowest	Rs. 24.00	Rs. 17.60
Closing	Rs. 28.10	Rs. 29.50

(f). MARKET CAPITALIZATION

- Market Capitalization (Rs.)	1,870,380,201
- Float Adjusted Market Capitalization (Rs.)	151,480,356

ABANS FINANCE PLC**NOTES TO THE FINANCIAL STATEMENTS (Cont..)****FOR THE PERIOD ENDED 30 SEPTEMBER 2021****(g). SHARES HELD BY PUBLIC**

- Public Share holding as at 30 September 2021 is, 8.099%
- Number of Public Share Holders as at 30 September 2021 is, 761

(h). SHARES HELD BY DIRECTORS

Name of The Director	30 September 2021	
	No.of Shares	(%)
Mr. R Pestonjee	220,660 *	0.33
Mr. A S Ratnayake	NIL	-
Mr. H C Embuldeniya	NIL	-
Mr. W B W M R A M T G Aluwihare	NIL	-
Mr. K J C Perera	NIL	-
Ms. D S Ratnayake	NIL	-

* This includes 28,800 Shares Held Jointly.

(i). TWENTY LARGEST SHAREHOLDERS

Name of The Shareholder	30 September 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%
14 Seylan Bank PLC/Shermal Hemaka Jayasuriya	131,164	0.20%
15 Merchant Bank of Sri Lanka & Finance PLC 01	80,000.00	0.12%
16 Mrs.A.Pestonjee	80,000	0.12%
17 Mrs.H.I.Salgado	66,600	0.10%
18 Mr. P. Thilakaratne	63,301	0.10%
19 Mr.M.G.M. Hussain	59,559	0.09%
20 Mr.G.C.Goonetilleke	48,105	0.07%
	65,700,338	98.71%
Others	861,235	1.29%
Total	66,561,573	100.00%

ABANS FINANCE PLC
Selected Key Performance Indicators for the Period Ended 30 September 2021

Item	As at 30/09/2021 (e)		As at 30/09/2020 (f)	
	Actual	Required	Actual	Required
Regulatory Capital Adequacy (%)				
Tier 1 Capital Adequacy Ratio	13.66	7.00	10.82	6.50
Total Capital Adequacy Ratio	13.66	11.00	10.82	10.50
Capital Funds to Deposit Liabilities Ratio	41.39	10.00	34.13	10.00
Quality of Loan Portfolio (%)				
Gross Non-Performing Loans Ratio (g),	24.35		27.28	
Net-Non-Performing Loans Ratio (g),	4.24		6.02	
Net-Non-Performing Loans to Core Capital Ratio,	16.83		29.05	
Provision Coverage Ratio,	64.23		61.37	
Profitability (%)				
Net Interest Margin	13.00		8.85	
Return on Assets	3.50		1.43	
Return on Equity	15.49		7.62	
Cost to Income Ratio	49.05		54.93	
Liquidity (%)				
Available Liquid Assets to Required Liquid Assets (g) (Minimum 100%)	224.97		369.58	
Liquid Assets to External Funds	18.85		17.50	
Memorandum information				
Number of Branches	10		10	
Number of Service Centers	9		9	
External Credit Rating (FITCH Ratings Lanka Ltd)	A (lka) /Rating outlook evolving		BB+(lka) /Negative	
Regulatory Deposit Restrictions (h)				
Cap on total Deposits (Rs. mn)	6,000		6,000	

(e) Date as at which the balance sheet is represented (i.e. 30 September in the current financial year)

(f) Date as at which the balance sheet is represented (i.e. 30 September in the previous financial year)

(g) As per the prevailing regulatory requirements

(h) Disclose only if applicable

Explanations/Glossary	
Capital Adequacy ratios	Indicates the ability of the financial institution to absorb losses without affecting depositors and creditors. This ratio is computed by dividing capital by risk weighted assets as specified by the Direction, and high ratio indicates better loss absorption capacity.
Non-Performing Loans ratio	Indicates level of non-paying loans and advances included in the total loans portfolio of the financial institution. High ratio indicates poor assets quality and high credit risk.
Provision Coverage ratio	Indicates the adequacy level of provision to cover problem loans and advances. A higher ratio with a higher capital adequacy ratio means that the financial institution can withstand future credit losses better, including unexpected losses beyond the loan loss provision
Net Interest Margin	Indicates profitability of the core business operation of the financial institution. i.e. granting loans and advances and accepting deposits.
Cost to income ratio	Represents operating expense, excluding impairment charges on loans and advances as a percentage of net revenue (net interest income and other income). Lower ratio will resultant in higher profitability
Liquid Assets	A liquid asset is an asset that can easily be converted into cash.
Tier 1 Capital	Represents permanent shareholder equity and reserves.
Total Capital	Represents Tier 1 and supplementary capital including instruments with characteristics of equity and debt, revaluation gains, impairment allowances.
Risk Weighted Assets	Sum of on-balance sheet risk weighted assets and the total credit equivalent of risk weighted off-balance sheet assets.
Tier 1 Capital ratio	Tier 1 capital as a percentage of risk weighted assets
Total Capital ratio	Total capital as a percentage of risk weighted assets.
Capital Funds	Paid up capital, permanent free reserves and any other securities approved by the CBSL.
Non-Performing Loan	A loan in which the borrower has defaulted and hasn't made scheduled payments of principal or and / interest as per the stipulated guidelines issued by CBSL.
Net Interest Margin	Annualised net interest income (interest income less interest expenses) as a percentage of total net assets (Based on Average value)
Return on Assets	Annualised profit before tax as a percentage of total net assets (Based on Average value)
Return on Equity	Annualised profit after tax as a percentage of total capital (Based on Average value)
External Funds	Includes only deposits and borrowings.