

ABANS FINANCE PLC

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

30 JUNE 2020



ABANS FINANCE PLC
STATEMENT OF COMPREHENSIVE INCOME

For the Quarter
Ended June

	2020 Rs. Unaudited 438,431,062	2019 Rs. Unaudited 522,243,405	Change
Income			-16.0%
Interest Income	424,570,661	470,853,532	-9.8%
Interest Expenses	(183,885,471)	(221,201,464)	-17%
Net Interest Income	240,685,190	249,652,068	-4%
Fee and Commission Income	13,062,542	48,494,901	-73%
Fee and Commission Expenses	(2,385,663)	4,978,063	-148%
Net Fee and Commission Income	10,676,879	53,472,964	-80%
Day 1 Gain/(Loss) on Moratorium	(72,799,291)	-	
Other Operating Income (net)	797,859	2,894,973	-72%
Total Operating Income	179,360,639	306,020,004	-41%
Impairment (Charges) / Reversal	(112,007,544)	(126,207,080)	-11%
Net Operating Income	67,353,093	179,812,925	-63%
Operating Expenses			
Personnel Costs	(57,919,196)	(67,498,200)	-14%
Depreciation & Amortization	(16,509,386)	(7,386,414)	124%
Other Operating Expenses	(41,165,312)	(74,941,325)	-45%
Operating Profit before Value Added Tax on FS & Levy	(48,240,801)	29,986,985	-261%
Debt Repayment Levy	-	(6,548,049)	-100%
Value Added Tax on Financial Services	(1,274,536)	(12,699,743)	-90%
Profit / (Loss) before Taxation from Operations	(49,515,337)	10,739,193	
Income Tax (Expense)/Reversal	14,854,601	(3,006,974)	
Profit/(Loss) for the Period	(34,660,736)	7,732,219	
Other Comprehensive Income			
Net Other Comprehensive Income to be re classified to profit or loss	-	-	
Other Comprehensive Income not To Be Classified to Profit or Loss			
Actuarial Gains/(Losses) on Defined Benefit Plan	-	-	
Deferred Tax effect on above	-	-	
Net Other Comprehensive Gain/Loss not to be re classified to profit or loss	-	-	
Other Comprehensive Income for the Period, Net of Tax	-	-	
Total Comprehensive Income for the Period	(34,660,736)	7,732,219	
Earnings Per Share	- 0.52	0.12	

The figures presented above are provisional and subject to Audit.

ABANS FINANCE PLC**STATEMENT OF FINANCIAL POSITION**

AS AT 30 JUNE 2020

	Change	JUNE '2020 Rs. (Un Audited)	MARCH '2019 Rs. (Audited)
Assets			
Cash and Bank Balances	66.3%	244,426,395	146,941,688
Placements with Banks	-73.6%	53,954,528	204,354,154
Securities Purchased under Repurchase Agreement	65.9%	463,195,831	279,143,141
Loans and Advances	-3.0%	1,862,187,428	1,920,095,538
Lease Rentals Receivable & Stock Out on Hire	-5.6%	5,526,352,696	5,854,327,613
Equity instruments at fair value through OCI	0.0%	80,400	80,400
Debt instruments at amortised cost	-90.3%	21,902,661	225,421,143
Other Financial Assets	-23.3%	74,053,177	96,487,549
Real Estate Stock	-2.3%	38,397,226	39,313,213
Other Non Financial Assets	-3.8%	61,494,288	63,953,134
Intangible Assets	-3.6%	28,280,817	29,339,420
Property, Plant & Equipment	-5.6%	66,424,061	70,332,907
Right of use Asset		70,612,873	81,250,333
Deferred Tax Asset	0.0%	45,073,647	45,073,647
Total Assets	-5.5%	8,556,436,027	9,056,113,880
Liabilities			
Due to Banks	-17.4%	668,477,572	809,672,689
Due to Customers	-2.8%	5,005,854,968	5,148,142,044
Debt Inst. Issued and Other Borrowed Funds	24.4%	808,649,025	649,837,356
Other Financial Liabilities	-44.3%	400,875,259	720,063,470
Other Non Financial Liabilities	-4.3%	22,766,100	23,791,226
Retirement Benefit Liability	4.7%	20,350,697	19,435,147
Current Tax Liabilities	-44.0%	26,805,142	47,853,949
Total Liabilities	-6.3%	6,953,778,763	7,418,795,879
Shareholders' Funds			
Stated Capital	0.0%	1,121,412,955	1,121,412,955
Statutory Reserve	0.0%	133,669,249	133,669,250
Retained Earnings	-9.1%	347,575,060	382,235,796
Total Shareholders' Funds	-2.1%	1,602,657,264	1,637,318,001
Total Liabilities and Shareholders' Funds	-5.5%	8,556,436,027	9,056,113,880
Commitments and Contingencies		252,950,184	119,300,467
Net Assets Per Share		24.08	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

Tharumini Bulegoda (Sgnd.)
Chief Accountant

The Board of Directors is responsible for the preparation & and presentation of these Financial Statements.
Signed for and on behalf of the Board by,

Rusi Pestonjee (Sgnd.)
Director

Rashmika Nissanga (Sgnd.)
Alternate Director to Mayank Parekh

13th August 2020
Colombo

ABANS FINANCE PLC
STATEMENT OF CHANGES IN EQUITY

FOR THE QUARTER ENDED

	Stated Capital Rs.	Retained Earnings Rs.	Statutory Reserve Rs.	Total Rs.
Balance as at 01 April 2019	1,121,412,955	299,663,474	112,983,832	1,534,060,261
Net Profit / (Loss) for the Period	-	7,732,218	-	7,732,218
Balance as at 30 June 2019	1,121,412,955	307,395,693	112,983,832	1,541,792,479
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	-	(34,660,736)	-	(34,660,736)
Balances as at 30 June 2020	1,121,412,955	347,575,060	133,669,249	1,602,657,264

13th August 2020
Colombo

CASH FLOW STATEMENT

FOR THE PERIOD ENDED

Cash Flows From / (Used in) Operating Activities

Profit / (Loss) Before Income Tax Expense

Adjustments for

Depreciation

Amortisation of Intangible Assets

Impairment Chargers

Provision/(reversal) for Defined Benefit Plans

Interest Accrued on Borrowings

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 Right-of-use 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

Retirement Benefit Liabilities Paid

Interest paid on Bank and Other Borrowings

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

Sale/(Purchase) of Placement with banks

Sale/(Purchase) of Financial Investments-Held to Maturity

Net Cash Flows from/(Used in) Investing Activities

Cash Flows from / (Used in) Financing Activities

Repayment of Borrowings

Borrowings from Banks

Payment under Finance Lease Liabilities

Borrowings through Securitization

Repayment of Securitization

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

30th June 2020 Rs.	30th June 2019 Rs.
(49,515,337)	10,739,192
15,333,799	5,554,811
1,175,588	1,153,396
112,007,544	126,207,080
1,350,000	1,450,000
36,156,955	28,967,730
116,508,549	174,072,210
915,987	-
57,720,637	(9,719,667)
247,492,176	(281,493,748)
(8,902,962)	(7,623,617)
369,689	-
2,458,846	2,331,668
(142,287,076)	33,795,999
(319,188,212)	(150,672,415)
(1,025,126)	9,463,563
(45,937,491)	(229,846,008)
(434,450)	(1,392,560)
(44,299,091)	(14,392,168)
(6,194,206)	-
(96,865,238)	(245,630,736)
1,157,180	(2,118,933)
(116,987)	(1,231,497)
7,000	-
130,042	-
(372,837)	220,330,547
804,397	216,980,117
(120,960,953)	(70,832,240)
-	130,000,000
-	-
350,000,000	-
(181,524,530)	-
47,514,517	59,167,760
(48,546,324)	30,517,141
540,071,245	651,500,972
491,524,921	682,018,114

The figures presented above are provisional and subject to Audit.

13th August 2020

Colombo

ABANS FINANCE PLC

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

	Amortised Cost		Equity Instruments - FVOCI		Total	
As at	30.06.2020 Rs.	31.03.2020 Rs.	30.06.2020 Rs.	31.03.2020 Rs.	30.06.2020 Rs.	31.03.2020 Rs.
Assets						
Cash and Bank Balances	244,426,395	146,941,688	-	-	244,426,395	146,941,688
Placements with Banks	53,954,528	204,354,154	-	-	53,954,528	204,354,154
Repurchase Agreements	463,195,831	279,143,141			463,195,831	279,143,141
Loans and Advances	1,862,187,428	1,920,095,535	-	-	1,862,187,428	1,920,095,535
Lease rentals receivable & Stock out on hire	5,526,352,696	5,854,327,613	-	-	5,526,352,696	5,854,327,613
Equity instruments at fair value through OCI	-	-	80,400	80,400	80,400	80,400
Debt instruments at amortised cost	21,902,661	225,421,143			21,902,661	225,421,143
Other financial assets	74,053,177	96,487,549	-	-	74,053,177	96,487,549
Total Financial Assets	8,246,072,715	8,726,770,823	80,400	80,400	8,246,153,115	8,726,851,222

	OFL at Amortized Cost		Total	
	30.06.2020 Rs.	31.03.2020 Rs.	30.06.2020 Rs.	31.03.2020 Rs.
Liabilities				
Due to Banks	668,477,572	809,672,688	668,477,572	809,672,688
Due to Customers	5,005,854,968	5,148,142,044	5,005,854,968	5,148,142,044
Debt Instruments Issued & Other borrowed funds	808,649,025	649,837,356	808,649,025	649,837,356
Other Financial Liabilities	400,875,259	720,063,470	400,875,259	720,063,470
Total Financial Liabilities	6,883,856,824	7,327,715,558	6,883,856,824	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 30 JUNE	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Interest Income	327,272,640	340,374,589	29,864	885,145	87,647,477	108,745,723	9,620,680	20,848,075	424,570,661	470,853,532
Fee Based Income & Others	12,046,715	45,424,921	299,104	170,514	581,097	2,899,466	150,442	11,881	13,077,358	48,506,782
Unallocated Income							783,043	2,883,092	783,043	2,883,092
Total Revenue	339,319,355	385,799,509	328,968	1,055,660	88,228,574	111,645,189	10,554,165	23,743,047	438,431,062	522,243,405
Interest Expences	(122,125,041)	(131,400,832)	(531,372)	(594,428)	(45,364,869)	(61,757,098)	(15,864,189)	(27,449,105)	(183,885,471)	(221,201,464)
Fee Based Expences & Others	-	9,379,712	-	-	-	(19,373)	(2,385,663)	(4,382,276)	(2,385,663)	4,978,062
Day 1 Loss on Moratorium	(61,927,093)	-	-	-	(10,872,198)	-	-	-	(72,799,291)	-
Impairment Reversal / (Provision)	(80,482,454)	(100,878,992)	(286)	-	(187,470)	(3,401,211)	(31,337,334)	(21,926,877)	(112,007,544)	(126,207,080)
Net Operating Income	74,784,766	162,899,397	(202,689)	461,231	31,804,037	46,467,508	(39,033,020)	(30,015,211)	67,353,093	179,812,924
Unallocated Expenses									(116,868,430)	(169,073,732)
Profits/ (Loss) before Tax									(49,515,337)	10,739,192
Income Tax expenses									14,854,601	(3,006,974)
Net Profit / (Loss) for the period									(34,660,736)	7,732,218
Segment Assets	5,504,436,871	5,236,804,547	21,915,825	24,819,806	1,862,187,428	2,127,780,588	577,450,246	817,849,848	7,965,990,369	8,207,254,789
Unallocated Assets									590,445,658	656,467,892
Total Assets	5,504,436,871	5,236,804,547	21,915,825	24,819,806	1,862,187,428	2,127,780,588	577,450,246	817,849,848	8,556,436,027	8,863,722,681
Unallocated Liabilities									6,953,778,763	7,321,930,202
Total Liabilities									6,953,778,763	7,321,930,202

ABANS FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2020

(a) DAY 1 LOSS ON GRANTING MORATORIUM

Day 1 Loss on granting moratorium for lease rentals and loan repayments in compliance with the circulars issued by the Central Bank of Sri Lanka of Rupees 72.79 Million was recognized in these financial statements, as a reduction from revenue. The loss recognized is the difference between the gross carrying amount of the financial asset and the present value of the modified cashflow discounted at the financial asset's original effective interest rate.

(b) IMPAIRMENT

Paragraph B5.5.52 of Appendix B Application Guidance of Sri Lanka Accounting Standard SLFRS 9 Financial Instruments states as follows:

“Historical Information is an important anchor or base from which to measure expected credit losses. However, an entity shall adjust historical data, such as credit loss experience, on the basis of current observable data to reflect the effects of the current conditions and its forecast for the future conditions that did not affect the period on which historical data is based, and to remove the effects of the conditions in the historical period that are not relevant to the future contractual cash flows.”

The model used by the Company to calculate expected credit losses uses historical data of a period in which extensive duration of curfew during which collection of lease rentals and loan repayments were disrupted, did not occur. However, the period under review together with the immediately preceding period experienced curfew and working subject to curfew for period in excess of 2 months. This resulted in a delay in collections compared to historical data, a major part of the effect of which is expected to be temporary.

Therefore, the company adopted the following overlays on the model to adopt the same to provide a reasonable estimate of the impairment allowance.

(a) The number of months in arrears used in the model was the number of months in arrears as at 30 June 2020 reduced by one, subject to the limitation that the number of months did not drop below the number of months in arrears as at the end of February 2020. This adjustment is expected to remove the effect of a temporary delay in collections resulting from the curfew.

(b) The Loss Given Default (LGD) and the Probability of default (PD) used in the model were based on historical data up to end of February 2020. This is expected to avoid the temporary changes in age groups and collections during the curfew period affecting the calculation of expected losses.

(c) The period of arrears of facilities entitled to moratorium on payments in accordance with the circular issued by the Central Bank were based on their position as at 31 March 2020. This is expected to avoid the temporary movement of the age of facilities for those entitled to moratorium.

(d) Economic Factor Adjustment (EFA) was revised based on the latest available information. This is expected to change the impairment allowance to reflect the new economic environment.

ABANS FINANCE PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2020****(c). MARKET VALUE PER SHARE FOR THE QUARTER ENDED,**

	30 June 2020
Highest	Rs.21.00
Lowest	Rs.14.50
Closing	Rs.20.80

(d).

These Interim Financial Statements have been prepared in accordance with LKAS 34 - Interim Financial Reporting and present information required by Listing Rules of Colombo Stock Exchange. These Financial Statements are drawn up from the unaudited financial Statements of the company unless otherwise indicated.

The accounting policies and methods of computation applied in the preparation of these financial statements are the same as those used in the financial statements for the year ended 31 March 2020 .

(e). COMMITMENTS AND CONTINGENCIES

There were no significant capital commitments as at the reporting date.

(f). PUBLIC HOLDING

- Public Share holding as at 30 June is, **8.099%**
- Number of Public Share Holders as at 30 June 2020 is, **824**.

(g). MARKET CAPITALIZATION

- Market Capitalization (Rs.) 1,384,480,718
- Float Adjusted Market Capitalization (Rs.) 112,127,808

(h). EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustment or disclosure in the Financial Statements.

(i). DIRECTORS SHAREHOLDING

Name of The Director	30.Jun.20	
	No.of Shares	(%)
Mr. R Pestonjee	220,660 *	0.33
Mr. V K Choksy	NIL	-
Mr. A S Ratnayake	NIL	-
Mr. H C Embuldeniya (Appointed w.e.f 13th March 2020)	NIL	-
Mr. M P Parekh	NIL	-
Mr. Rashmika Nissanga (Alternate Director to Mr. Mayank Pravin Parekh, Appointed w.e.f 21st June 2019)	NIL	-

* This includes 28,800 Shares Held Jointly.

ABANS FINANCE PLC**NOTES TO THE FINANCIAL STATEMENTS (Cont.)
FOR THE PERIOD ENDED 30 JUNE 2020****(j). TWENTY LARGEST SHAREHOLDERS**

Name of The Shareholder	30.Jun.20	
	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 Mrs.A.Pestonjee	80,000	0.12%
15 Mrs.H.I.Salgado	66,600	0.10%
16 Mr.G.C.Goonetilleke	48,105	0.07%
17 Mr.R.E.Rambukwella	38,313	0.06%
Seylan Bank Plc/Karagoda Loku Gamage		
18 Udayananda	38,004	0.06%
19 Miss. M. F. F. Safina	36,748	0.06%
20 Dr. K. Poologasundram	36,000	0.05%
Others	65,515,379	98.43%
Total	1,046,194	1.57%
	66,561,573	100.00%

(k). CREDIT RATING

BB+(lka)/Negative by FITCH Ratings Lanka Ltd

(l). CAPITAL

AFPLC is in compliance with the minimum core capital set out in terms of Section 2.1 of Finance Business Act Direction No. 02 of 2017 following the decision by CBSL to defer the requirement of Rs 2.0 Bn until 31.12.2020. As such, CBSL granted approval on 10.04.2020 for AFPLC to freely canvas deposits up to LKR 6.0 Bn and upon reaching that limit may apply to CBSL to canvas additional deposits.

(m) IMPACT OF COVID-19

The outbreak of Covid 19 has caused interruptions to Company's business activities similar to other companies in the industry. The financial and economic market uncertainty could have a significant adverse impact on the future operations of the Company and cause significant adverse changes to assets and liabilities of the Company.

However, management under the guidance of Board of Directors is continuously monitoring the impact of COVID-19 on its financial performance.