

1ST QUARTER FINANCIAL STATEMENTS AS AT 31 MARCH, 2019 (UN-AUDITED)



UNITED FINANCE LIMITED

As per SEC Notification No. SEC/CMRRC/2008-183/Admin/03-34 dated September 27, 2009, United Finance Limited is pleased to publish its 1st Quarter Financial Statements (un-audited).

- Deposit Opportunities
- Working Capital Solutions
- Asset Financing Options

BALANCE SHEET (UN-AUDITED)

AS AT 31 MARCH, 2019

	31-Mar-19	31-Dec-18
	Taka	Taka
PROPERTY AND ASSETS		
Cash		
In hand	1,145,000	884,000
Balance with Bangladesh Bank and its agent bank(s)	275,295,163	266,228,532
	276,440,163	267,112,532
Balance with banks and other financial institutions		
In Bangladesh	3,262,433,944	3,062,864,083
Outside Bangladesh	-	-
	3,262,433,944	3,062,864,083
Money at call and short notice	-	50,000,000
Investments		
Government	-	-
Others	856,148,174	865,778,573
	856,148,174	865,778,573
Lease, loans and advances		
Lease Receivable	9,247,146,448	9,212,515,954
Loans, Cash Credits, Overdrafts, etc.	8,571,699,802	8,729,895,002
	17,818,846,249	17,942,410,956
Fixed assets including land, building, furniture and fixtures	267,232,372	270,859,200
Other Assets	1,652,494,330	1,613,542,474
Non-financial Institutional Assets	-	-
Total Assets	24,133,595,232	24,072,567,818
LIABILITIES AND CAPITAL		
Liabilities		
Borrowing from banks, other financial institutions and agents	2,753,508,148	2,630,346,031
Deposits and Other Accounts		
Current Deposits	-	-
Bills Payable	-	-
Savings Bank Deposits	-	-
Term Deposits	14,403,705,188	14,548,159,949
Bearer Certificates of Deposit	-	-
Other Deposits	630,992,893	621,371,708
	15,034,698,081	15,169,531,657
Other Liabilities	3,153,626,948	3,153,224,219
Total Liabilities	20,941,833,177	20,953,101,907
Capital/Shareholders' Equity		
Paid-up Capital	1,871,146,140	1,871,146,140
Statutory Reserve	829,400,000	829,400,000
Share Premium	3,750,000	3,750,000
General Reserve	225,000,000	225,000,000
Retained Earnings	262,465,915	190,169,771
	3,191,762,055	3,119,465,911
Total Shareholders' Equity	24,133,595,232	24,072,567,818
Net Asset Value per Share (NAV)	17.06	16.67
Restatement of NAV:		
Net Asset	3,191,762,055	3,119,465,911
Number of Outstanding Shares (current year's)	187,114,614	187,114,614
NAV per share	17.06	16.67
OFF-BALANCE SHEET ITEMS		
Contingent liabilities		
Acceptances and Endorsements	-	-
Letters of Guarantee	44,637,915	6,137,915
Irrevocable Letters of Credit	-	-
Bills for Collection	-	-
Other Contingent Liabilities	-	-
	44,637,915	6,137,915
Other commitments		
Documentary Credits and Short Term Trade related Transactions	-	-
Forward Assets Purchased and Forward Deposits Placed	-	-
Undrawn Note Issuance and Revolving Underwriting Facilities	-	-
Undrawn Formal Standby Facilities, Credit Lines and Other Commitments	-	-
	-	-
Total Off-Balance Sheet Items including Contingent Liabilities	44,637,915	6,137,915

PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE FIRST QUARTER ENDED 31 MARCH, 2019

	Jan-Mar '19	Jan-Mar '18
OPERATING INCOME		
Interest Income	598,250,000	529,042,005
Interest Paid on Deposits, Borrowings, etc.	(363,066,387)	(350,370,000)
Net Interest Income	235,183,613	178,672,005
Investment Income	21,392,063	29,944,565
Commission, Exchange and Brokerage	-	-
Other Operating Income	26,777,198	28,409,217
Total Operating Income (A)	283,352,874	237,025,787
OPERATING EXPENSES		
Salaries and Allowances	91,606,641	82,900,002
Rent, Taxes, Insurance, Electricity, etc.	13,433,129	11,090,267
Legal Expenses	2,118,501	2,313,069
Postage, Stamp, Telecommunication, etc.	2,644,951	2,382,417
Stationery, Printing, Advertisements, etc.	1,940,131	948,002
Managing Director's Salary and Benefits	2,581,000	2,356,000
Directors' Fees	108,611	83,055
Auditors' Fees	115,000	86,250
Charges on Loan losses	-	-
Depreciation and Repair of Assets	11,034,193	11,352,860
Other Expenses	16,838,410	13,529,659
Total operating expenses (B)	142,420,567	127,041,581
Profit before provision against Lease, Loans and Advances (C=A-B)	140,932,307	109,984,206
Provision for Lease, Loans and Advances	13,517,449	13,464,962
Provision for diminution in value of investments	-	-
Other Provisions	-	-
	13,517,449	13,464,962
Total Provision (D)	13,517,449	13,464,962
Operating Profit before Taxes (E=C-D)	127,414,858	96,519,244
Provision for Taxation		
Current Tax	52,378,573	39,767,889
Deferred Tax	2,740,142	-
	55,118,715	39,767,889
Total Provision for Taxation (F)	55,118,715	39,767,889
Net Profit after Tax (E-F)	72,296,144	56,751,355
Appropriations		
Statutory Reserve	-	-
General Reserve	-	-
	-	-
Retained surplus	72,296,144	56,751,355
Earnings Per Share	0.39	0.30

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE FIRST QUARTER ENDED 31 MARCH, 2019

Particulars	Share Capital	Statutory Reserve	Share Premium	General Reserve	Retained Earnings	Total
Balance as at 31 December 2018	1,871,146,140	829,400,000	3,750,000	225,000,000	190,169,771	3,119,465,911
Cash dividend paid for the year 2018	-	-	-	-	-	-
Stock dividend for the year 2018	-	-	-	-	-	-
Net profit for first quarter ended 2019	-	-	-	-	72,296,144	72,296,144
Appropriation made during the year	-	-	-	-	-	-
Balance as at 31 March 2019	1,871,146,140	829,400,000	3,750,000	225,000,000	262,465,915	3,191,762,055
Balance as at 31 March 2018	1,782,043,950	774,000,000	3,750,000	255,000,000	262,859,698	3,077,653,648

CASH FLOW STATEMENT (UN-AUDITED)

FOR THE FIRST QUARTER ENDED 31 MARCH, 2019

	Jan - Mar '19	Jan - Mar '18
	Taka	Taka
A) Cash Flow from Operating Activities		
Interest Receipts	661,956,624	582,915,739
Interest Payments	(410,989,749)	(356,423,158)
Dividend Receipts	7,241,289	11,887,405
Amount realised from written off client	7,662,551	5,285,038
Payments to Employees	(85,073,534)	(76,606,002)
Payments to Suppliers	(85,500,574)	(68,571,279)
Income Taxes Paid	(34,685,464)	(18,616,082)
Receipts from other Operating Activities	26,633,592	28,269,081
Payments for other Operating Activities	(25,760,718)	(20,410,796)
Cash generated from Operating Activities before changes in Operating Assets and Liabilities	61,484,017	87,729,946
Increase/(decrease) in Operating Assets and Liabilities		
Lease, Loans and Advances to Customers	93,129,327	(985,501,071)
Other Assets	(24,209,807)	(14,691,442)
Term and Other Deposits	(134,833,576)	1,960,718,290
Accrued Expenses and Payables	(38,887,853)	(32,973,604)
Net Draw Down/(Payment) of Short Term Loan	251,008,294	(417,968,960)
Interest Suspense	32,060,867	(3,470,929)
Deferred Liability-Employee Gratuity	981,291	2,179,101
Other Liabilities	72,407,007	54,891,727
	251,655,549	563,183,113
Net Cash from Operating Activities	313,139,566	650,913,059
B) Cash Flow from Investing Activities		
Investment in Shares	9,630,399	9,698,469
Purchase of Fixed Assets	(5,044,379)	(948,961)
Proceeds from Sale of Fixed Assets	1,172,750	135,950
Net Cash from Investing Activities	5,758,770	8,885,458
C) Cash Flow from Financing Activities		
Receipts of Long Term Loan	-	127,050,000
Repayment of Long Term Loan	(127,846,177)	(122,683,845)
Dividend Paid	(32,154,668)	-
Net Cash from Financing Activities	(160,000,845)	4,366,155
D) Net Increase in Cash and Cash Equivalents (A+ B + C)	158,897,492	664,164,672
E) Effects of Exchange Rate Changes on Cash and Cash Equivalents	-	-
F) Cash and Cash Equivalents at beginning of the period	3,379,976,615	4,089,074,149
G) Cash and Cash Equivalents at end of the period (D+E+F)	3,538,874,107	4,753,238,821
Cash and cash equivalents at end of the period		
Cash in hand	1,145,000	254,000
Balance with Bangladesh Bank and its agent bank(s)	275,295,163	283,079,205
Balance with Banks and other Financial Institutions	3,262,433,944	3,719,905,616
Money at Call and Short Notice	-	750,000,000
	3,538,874,107	4,753,238,821
Net Operating Cash Flow per Share	1.67	3.48

Chief Financial Officer

Company Secretary

Managing Director

Director

Chairman

Notes:

- The Board of Directors has recommended cash dividend @ 10% for the year ended 2018 which is approved in the 30th Annual General Meeting of the Company held on April 24, 2019. The outflow of Taka 187.11 million as cash dividend will be reflected in the next quarter accounts.
- The First Quarter Report is available in the Company's website (www.unitedfinance.com.bd)

United Finance Limited
Notes to the Financial Statements (Un-audited)
For the first quarter ended 31 March 2019

1. General Information

1.1 Domicile and legal form

The Company is domiciled in Bangladesh. It was granted license under the Financial Institutions Act, 1993. The shares of the Company are quoted on the Dhaka Stock Exchange Limited since 1994 and are transacted in dematerialised form through Central Depository Bangladesh Limited since 14 October 2004. The Company has its registered office at Camellia House, 22 Kazi Nazrul Islam Avenue, Dhaka.

1.2 Nature of operations and principal activities

The Company provides financial services which includes lease finance for acquiring assets for industrial and commercial use, term loans for meeting long term funding requirement, short-term working capital solutions and home loans to cater the needs of its diverse client base. The Company offers various deposit investment opportunities of predefined tenure ranging from 3 months to 11 years 3 months.

2. Summary of significant Accounting Policies and basis of preparation of the financial statements:

2.1 Basis of preparation

The Financial Statements have been prepared in condensed form in accordance with the requirements of International Accounting Standard (IAS)-34 "Interim Financial Reporting", International Financial Reporting Standards (IFRSs), the provisions of the Securities & Exchange Rules 1987, the requirements of the Financial Institutions Act 1993, the rules and regulations issued by Bangladesh Bank and the Companies Act 1994.

2.2 Statement of compliance

The financial statements are complied with International Financial Reporting Standards (IFRSs), the requirements of the Financial Institutions Act 1993, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, the provisions of the Securities & Exchange Rules 1987 and the Financial Reporting Act 2015.

3. Comparative information

Last year's figures and account titles have been rearranged to conform current year's presentation in accordance with the Bangladesh Bank DFIM Circular no. 11 dated December 23, 2009.

4 Reporting currency

The figures appearing in these financial statements have been rounded off to the nearest of Taka.

5 Authorization for Issue of the Financial Statements

The Board of Directors of the Company has authorised these financial statements for issue on May 09, 2019.

	<u>31-Mar-19</u>	<u>31-Dec-18</u>
6 Cash		
Cash in hand	1,145,000	884,000
Balance with Bangladesh Bank and its agent bank(s)	275,295,163	266,228,532
	<u>276,440,163</u>	<u>267,112,532</u>
7 Balance with banks and other financial institutions		
In Bangladesh	3,262,433,944	3,062,864,083
Outside Bangladesh	-	-
	<u>3,262,433,944</u>	<u>3,062,864,083</u>
8 Money at call and short notice		
IDLC Finance Limited	-	50,000,000
	<u>-</u>	<u>50,000,000</u>

	<u>31-Mar-19</u>	<u>31-Dec-18</u>
9 Investments		
Investment classified as per nature		
a) Government securities:		
National investment bonds	-	-
Bangladesh Bank bills	-	-
Government bonds	-	-
Prize bonds	-	-
	<u>-</u>	<u>-</u>
b) Other investment:		
Investment in ordinary shares (9.1)	15,068,070	15,000,000
Investment in preference shares	233,080,104	242,778,573
Investment in bonds	608,000,000	608,000,000
	<u>856,148,174</u>	<u>865,778,573</u>
	<u>856,148,174</u>	<u>865,778,573</u>

9.1 Investment in ordinary shares

Business Segment	No. of shares	Cost price	Market price
Insurance	4,200,000	15,000,000	224,700,000
Pharmaceuticals	6,807	68,070	68,070

Investments in marketable securities are valued at cost at the Balance Sheet date. As of March 31, 2019, there was Taka 209,700,000 gross unrealised gain on investment in marketable securities.

10 Lease, loans and advances

Lease receivable (note-10.1)	9,247,146,448	9,212,515,954
Loans (note-10.2)	8,571,699,802	8,729,895,002
	<u>17,818,846,249</u>	<u>17,942,410,956</u>

10.1 Lease receivable

Net lease receivable	9,197,735,688	9,144,298,235
Advances for leases	20,273,598	-
Interest receivable	29,137,161	68,217,719
	<u>9,247,146,448</u>	<u>9,212,515,954</u>

10.2 Loans

Term loan	3,697,511,363	3,828,578,379
Home loan	1,064,468,482	1,096,576,076
Short term loan and CSF advances	3,649,720,730	3,653,386,498
Interest receivable	159,999,227	151,354,049
	<u>8,571,699,802</u>	<u>8,729,895,002</u>

11 Fixed assets including land, building, furniture and fixtures

Cost

Office space	177,890,411	177,890,411
Furniture and fixtures	111,951,984	111,951,984
Office equipment	419,679	419,679
Electrical equipment	101,428,343	99,326,466
Vehicles	68,989,263	68,079,263
	<u>460,679,679</u>	<u>457,667,803</u>
Less: Accumulated depreciation	193,447,307	186,808,603
	<u>267,232,372</u>	<u>270,859,200</u>

	31-Mar-19	31-Dec-18
12 Other assets		
Income generating:		
Income receivable	61,722,962	81,666,377
Non-income generating:		
Deferred tax assets (note-12.1)	6,347,401	9,087,543
Advance, deposit and prepaid expenses	61,210,426	34,383,958
Other receivables	2,471,930	2,348,449
Advance corporate tax	1,520,741,611	1,486,056,147
	1,652,494,330	1,613,542,474

12.1 Deferred tax assets

Deferred tax has been calculated based on deductible/taxable temporary difference arising due to difference in the carrying amount of the assets and its tax base in accordance with the provision of International Accounting Standard (IAS) 12 "Income Taxes" and under the guidelines of Bangladesh Bank DFIM Circular no. 07 dated 31 July 2011.

	Carrying amount at balance sheet	Tax base	Deductible temporary difference
Fixed assets at book value	267,232,372	276,882,640	9,650,269
Liability to employee gratuity	7,276,135	-	7,276,135
	274,508,507	276,882,640	16,926,404
Applicable tax rate			37.50%
Deferred tax asset as on 31 March, 2019			6,347,401
Deferred tax asset as on 31 December, 2018			9,087,543
Deferred tax asset during the year 2019			(2,740,142)

13 Borrowing from banks, other financial institutions and agents

In Bangladesh	2,753,508,148	2,630,346,031
Outside Bangladesh	-	-
	2,753,508,148	2,630,346,031

14 Deposits and other accounts

Current deposits	-	-
Bills payable	-	-
Savings bank deposits	-	-
Term deposits	14,403,705,188	14,548,159,949
Bearer certificates of deposit	-	-
Other deposits	630,992,893	621,371,708
	15,034,698,081	15,169,531,657

15 Other liabilities

Provision for gratuity	7,276,135	6,294,844
Unclaimed dividend	12,936,989	45,091,657
KfW interest differential fund	11,897,240	13,742,510
Interest suspense account	154,476,928	122,416,062
Accrued expenses and payables	592,342,941	664,541,005
Provision for lease, loans and advances	501,215,965	480,035,964
Provision for income tax	1,873,480,750	1,821,102,177
	3,153,626,948	3,153,224,219

	<u>31-Mar-19</u>	<u>31-Dec-18</u>
16 Paid-up capital		
16.1 Authorized capital		
300,000,000 ordinary shares of Taka 10 each	3,000,000,000	3,000,000,000
16.2 Issued, subscribed and fully paid-up capital		
7,000,000 ordinary shares of Taka 10 each issued for cash	70,000,000	70,000,000
180,114,614 ordinary shares of Taka 10 each issued as bonus shares	<u>1,801,146,140</u>	<u>1,801,146,140</u>
	<u>1,871,146,140</u>	<u>1,871,146,140</u>

16.3 Composition of Shareholders' Equity:

<u>Particulars</u>	<u>No. of shares</u>	<u>Face value</u>	<u>Taka</u>
Paid-up Capital	187,114,614	10	1,871,146,140
Share Premium			3,750,000
Preference Share Capital			NIL
Statutory Reserve			829,400,000
General Reserve			225,000,000
Retained Earnings			<u>262,465,915</u>
Total Shareholders' Equity			<u>3,191,762,055</u>

Date of issue & other information:

<u>Date</u>	<u>Types of paid-up capital</u>	<u>No. of shares</u>	<u>Face value per share</u>	<u>Taka</u>
27-04-1989	Sponsors Share Capital	7,000	100	700,000
23-11-1989	Sponsors Share Capital	618,000	100	61,800,000
27-03-1994	Initial Public Offering	75,000	100	7,500,000
18-04-2005	Bonus (100%)	700,000	100	70,000,000
20-04-2006	Bonus (50%)	700,000	100	70,000,000
25-03-2008	Bonus (10%)	210,000	100	21,000,000
31-03-2009	Bonus (14.29%)	330,000	100	33,000,000
25-03-2010	Bonus (100%)	2,640,000	100	264,000,000
09-06-2011	Bonus (75%)	3,960,000	100	396,000,000
	Before split	9,240,000		924,000,000
	After split	92,400,000	10	924,000,000
09-04-2012	Bonus (20%)	18,480,000	10	184,800,000
28-03-2013	Bonus (15%)	16,632,000	10	166,320,000
10-04-2014	Bonus (10%)	12,751,200	10	127,512,000
23-04-2015	Bonus (10%)	14,026,320	10	140,263,200
21-04-2016	Bonus (10%)	15,428,952	10	154,289,520
27-04-2017	Bonus (5%)	8,485,923	10	84,859,230
26-04-2018	Bonus (5%)	8,910,219	10	89,102,190
	Paid up capital	187,114,614		1,871,146,140

	<u>31-Mar-19</u>	<u>31-Dec-18</u>
17 Statutory reserve		
Balance as at January 01	829,400,000	774,000,000
Addition during the year	-	55,400,000
	<u>829,400,000</u>	<u>829,400,000</u>
18 Share premium		
This represents a premium of 50% over the par value of share received against the issue of 750,000 shares in 1994 amounting to Tk. 3,750,000.		
19 General reserve		
Balance at January 01	225,000,000	255,000,000
Transfer to retained earnings	-	(64,000,000)
Transfer from retained earnings	-	34,000,000
	<u>225,000,000</u>	<u>225,000,000</u>
20 Retained earnings		
Balance at January 01	190,169,771	206,108,343
Less: Cash dividend for last year	-	(178,204,395)
Less: Issue of bonus shares for last year	-	(89,102,190)
Add: Transfer from general reserve	-	64,000,000
	<u>190,169,771</u>	<u>2,801,758</u>
Addition during the year		
Net profit after taxation	72,296,144	276,768,013
Transfer to general reserve	-	(34,000,000)
Transfer to statutory reserve	-	(55,400,000)
	<u>72,296,144</u>	<u>187,368,013</u>
	<u>262,465,915</u>	<u>190,169,771</u>
21 Net Asset Value Per Share (NAV)		
Total Shareholders' equity	3,191,762,055	3,119,465,911
Number of shares outstanding	187,114,614	187,114,614
NAV per share	17.06	16.67
NAV per share (Restated)	17.06	16.67
22 Contingent liabilities		
Off-Balance sheet items		
Off-Balance Sheet items represent guarantees issued to banks for opening letter of credit for equipment and machinery.		
Letters of guarantee (Local)	44,637,915	6,137,915
Letters of guarantee (Foreign)	-	-
Foreign counter guarantees	-	-
	<u>44,637,915</u>	<u>6,137,915</u>

	<u>31-Mar-19</u>	<u>31-Mar-18</u>
23 Depreciation and repair of assets		
Depreciation		
Furniture and fixture	1,787,841	2,195,749
Office equipment	7,403	8,593
Electrical equipment	2,398,651	1,753,466
Motor vehicle	2,430,993	2,338,803
Office space	1,111,815	1,111,815
	<u>7,736,703</u>	<u>7,408,426</u>
Repairs		
Maintenance of electrical equipment, office equipment & other assets	774,420	2,835,264
Motor Vehicle	2,523,070	1,109,170
	<u>3,297,490</u>	<u>3,944,434</u>
	<u>11,034,193</u>	<u>11,352,860</u>
24 Other expenses		
Training expenses	812,500	690,000
Books, magazines and newspapers etc.	22,393	20,014
Staffs' uniforms	503,723	135,559
Medical expenses	222,894	190,828
Fees and subscriptions	881,731	607,483
Bank charges	1,021,568	1,248,870
Excise duty Expenses	461,500	324,500
CNG, petrol, oil and lubricants	5,794,300	3,691,561
Entertainment	665,979	740,839
Office expenses	523,369	622,305
Security services	2,180,292	1,893,377
Business promotion expenses	1,240,035	743,779
Annual General Meeting/Shareholder expenses	184,046	642,100
Travelling and conveyance expenses	2,324,080	1,978,444
	<u>16,838,410</u>	<u>13,529,659</u>

	<u>31-Mar-19</u>	<u>31-Mar-18</u>
25 Earnings Per Share (EPS)		
Net profit after tax	72,296,144	56,751,355
Number of shares outstanding	187,114,614	178,204,395
EPS	0.39	0.32
EPS (Restated)	0.39	0.30
26 Net Operating Cash Flow Per Share (NOCFPS)		
Net cash from operating activities	313,139,566	650,913,059
Number of shares outstanding	187,114,614	178,204,395
NOCFPS	1.67	3.65
NOCFPS (Restated)	1.67	3.48

Net Operating Cash Flow per share decreased on March 31, 2019 due to higher encashment of term deposit compared to the same period of last year.

27 Reconciliation of Operating Activities of Cash Flows

Net Profit After Tax	72,296,144	56,751,355
Depreciation	7,736,703	7,408,426
Provision for lease and loans	21,180,001	18,750,000
Provision for taxation	52,378,573	39,767,889
Profit on sale of fixed assets	(238,250)	(11,750)
Increase/(Decrease) in short term loans	251,008,294	(417,968,960)
Decrease/(increase) in lease and loans	123,564,707	(936,714,847)
Income tax paid	(34,685,464)	(18,616,082)
Increase/(Decrease) in deposit and other accounts	(134,833,576)	1,960,718,290
Decrease in other liabilities	(41,001,177)	(28,331,784)
Increase in other assets	(4,266,388)	(30,839,478)
Cash flows from operating activities	313,139,566	650,913,059

28 Events after the Reporting Period

No other events occurred after the balance sheet date, which could materially affect the amounts or disclosures in these financial statements.