Creating hope.
Changing fortunes.

ASA International Group PLC
Interim Condensed Financial Statements
for the period from 1 January to 30 June 2019

ASA INTERNATIONAL

CONTENTS

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Dirk Brouwer	15 May 2018
Aminur Rashid	28 June 2018
Gavin Laws	28 June 2018
Guy Dawson	15 May 2018
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ASA International Group plc reports interim results for the half-year ended 30 June 2019

Solid operational progress continues in line with expectations

ASA International Group plc (LSE: ASAI), one of the world's largest international microfinance institutions, today announces its half year results for the six-month period from 1 January to 30 June 2019.

Key performance indicators

(In USD millions)	H12019 (UNAUDITED)	FY2018 (UNAUDITED)	H12018 (UNAUDITED)	YoY	YTD	YoY % Change (constant currency)
Number of clients	2.3	2.2	2.0	*15%*	*6%*	
Number of branches	1,812	1,665	1,557	*16%*	*9%*	
Net profit	16.1	24.5	8.5	*89%*		*109%*
Normalised net profit (1)	16.1	32.4	16.4	*-2%*		*8%*
Outstanding Loan Portfolio ("OLP") (2)	419.5	378.5	347.4	*21%*	*11%*	*29%*
PAR > 30 days (3)	*1.0%*	*0.6%*	*0.4%*			

(1) Adjusted for one-off items. For 2018, these mainly relate to IPO costs.

(2) Includes off-book Business Correspondence loans and excludes interest receivable and the unamortized loan processing fee

(3) PAR>30 is the percentage of OLP that has one or more instalment of repayment of principal past due for more than 30 days divided by the total outstanding gross loan portfolio.

Highlights

- Trading and outlook are broadly in line with expectations
- OLP/client averaged USD 181, up by 5% YoY despite substantial currency depreciation in Pakistan and Ghana (OLP/client up 12% in constant currency YoY)
- South Asian operations delivered better than expected operating and financial performance despite the continued weakening of the PKR vis-á-vis USD as well as slowdown of growth in Sri Lanka
- Financial performance in West Africa and South East Asia was below expectations mainly due to worse than expected depreciation of GHS and slower than expected growth in Nigeria and the Philippines
- East Africa delivered higher than expected operating and financial performance in both local currency and USD, reaffirming our confidence in this region as a major future profit generator for the Group
- Investments in IT infrastructure continued, supporting the rollout of our proprietary ASA Microfinance Banking System (AMBS), and is expected to be completed by year-end 2019, in preparation for the gradual introduction of digital financial services across our branch network
- Operations in Zambia started in January 2019, in line with our strategy to explore opportunities for expansion in other Asian and African countries over time

Dirk Brouwer, Chief Executive Officer of ASA International, commented:

“In the first half of 2019, we maintained our positive operating and financial performance. With the exception of a slower growth rate in West Africa, primarily due to customary seasonality effects, we have continued to see strong branch, client and loan portfolio growth across most of our markets. In particular, East Africa continues to perform well with higher than expected operational and earnings growth.”

“As expected, currency movements continue to have an impact on our USD performance, however, we remain focused on our long-term growth strategy by growing our loan portfolio, expanding our geographical footprint, aligning growth in assets and liabilities, as well as enhancing our digital platform. As a result, we look forward to continued growth with confidence.”

CHIEF EXECUTIVE OFFICER’S REVIEW:

I am pleased to report overall solid operational performance during the first half of 2019, with growth in branches, clients and our loan portfolio broadly in line with previous guidance. USD earnings are somewhat behind expectations, which is partly due to larger than expected currency headwinds affecting two of our largest markets, Ghana and Pakistan.

Regional Performance

East Africa performed particularly well again during the period, with strong growth across metrics in all four markets, outperforming our expectations. Zambia also made a good start to the year by opening six branches and gaining more than 3,000 clients during its first six months of operation.

Operational performance in West Africa, South Asia and South East Asia was broadly in line with expectations with variations at individual country level. In India, we have taken active steps to respond to signals that the North Eastern Indian market is at risk of overleveraging. Whilst we are growing, our loan officers are motivated not to overleverage their clients and very much focus on a high portfolio quality.

In Sri Lanka, the previously reported nationwide deterioration of credit discipline due to the debt relief programme, political activism and aggressive lending practices by unregulated lenders has been further aggravated by the Easter Sunday bombings, which has led to a substantial increase in overdue payments. As a result, management has been strongly focused on client retention, ensuring we lend to high quality customers and tightening cost control. Sri Lanka accounts for only 2.4% of our loan portfolio.

Investment in operations

Our major investment in IT, which has involved almost doubling the size of the department over the last year, is starting to pay off. We expect to complete the roll-out of our proprietary real-time ASA Microfinance Banking System (AMBS) in all subsidiaries before the end of the year. This will provide us with the infrastructure to gradually roll out digital financial services to our clients, such as doorstep banking, digital disbursements and collections. Concurrently, we are further strengthening the cybersecurity of our systems.

Regulation

We are pleased to have received the approval from the Nigerian Central Bank for ASHA Microfinance Bank to absorb our microfinance operations held by our Nigerian NGO. This will substantially improve the capital efficiency of our operations in Nigeria. In addition, we believe that we are inching towards receiving preliminary approval from the State Bank of Pakistan for transforming our non-deposit taking lending company into a nationwide microfinance bank, which will give us the ability to attract savings from our lending clients as well as the public.

Dividend

In accordance with our existing 30% dividend pay-out ratio, no interim dividend will be paid. The 2019 dividend will be paid following next year’s AGM.

GROUP FINANCIAL PERFORMANCE

(UNAUDITED) (In USD thousands)	H12019	FY2018	H12018	YoY	YTD	YoY % Change (constant currency)
Net profit	16,133	24,454	8,519	*89%*		*109%*
Normalised net profit (1)	16,133	32,352	16,443	*-2%*		8%
Cost/income ratio (1)	*61%*	*55%*	*54%*			
Return on average assets (TTM) (1)	*6.7%*	*7.3%*	*8.1%*			
Return on average equity (TTM) (1)	*36.0%*	*37.7%*	*39.0%*			
Earnings growth (TTM) (1)	*-2%*	*20%*	*28%*			
OLP (2)	419,493	378,468	347,420	*21%*	*11%*	*29%*
Total assets	517,884	473,055	441,487	*17%*	*9%*	
Client deposits (3)	69,395	63,944	55,949	*24%*	*9%*	
Interest-bearing debt (3)	298,093	277,137	275,842	*8%*	*8%*	
Share capital and reserves	92,943	88,548	84,872	*10%*	*5%*	
Number of clients	2,313,305	2,174,116	2,012,546	*15%*	*6%*	
Number of branches	1,812	1,665	1,557	*16%*	*9%*	
Average outstanding loan per client (USD)	181	174	173	*5%*	*4%*	*12%*
PAR > 30 days	*1.0%*	*0.6%*	*0.4%*			
Client deposits as % of loan portfolio	*17%*	*17%*	*16%*			

Regional performance

South Asia

(UNAUDITED) (In USD thousands)	H12019	FY2018	H12018	YoY	YTD	YoY % Change (constant currency)
Net profit	7,493	14,872	7,763	*-3%*		*11%*
Normalised net profit (1)	7,493	15,200	7,763	*-3%*		*11%*
Cost/income ratio (1)	*49%*	*45%*	*43%*			
Return on average assets (TTM) (1)	*6.5%*	*7.1%*	*7.3%*			
Return on average equity (TTM) (1)	*33.2%*	*35.3%*	*36.8%*			
Earnings growth (TTM) (1)	*-3%*	*27%*	*21%*			
OLP (2)	234,869	211,470	204,719	*15%*	*11%*	*26%*
Total assets	238,720	213,570	217,898	*10%*	*12%*	
Client deposits (3)	1,198	73	83	*1343%*	*1541%*	
Interest-bearing debt (3)	174,728	156,707	166,501	*5%*	*11%*	
Share capital and reserves	48,972	47,314	41,047	*19%*	*4%*	
Number of clients	1,135,004	1,053,889	1,003,383	*13%*	*8%*	
Number of branches	699	638	601	*16%*	*10%*	
Average outstanding loan per client (USD)	209	202	205	*2%*	*3%*	*11%*
PAR > 30 days	*1.1%*	*0.8%*	*0.7%*			
Client deposits as % of loan portfolio	*1%*	*0%*	*0%*			

(1) Adjusted for one-off items

(2) Excludes interest receivable and the unamortized loan processing fee

(3) Excludes interest payable

USD reported earnings were negatively affected by the substantial currency depreciation that continued in Pakistan (PKR down 17% against USD) and partly offset by stable currencies in India (INR up 1% against USD), and Sri Lanka (LKR up 4% against USD).

- Net profit down 3% YoY (11% up YoY on a constant currency basis)
- OLP up 15% YoY (26% up on a constant currency basis), which is lower than expected due to higher than expected depreciation of PKR relative to the USD
- Number of clients crossed 1.1 million, up 13% YoY
- Number of branches up 16% YoY
- OLP/Client in USD up by 2% YoY (up 11% on a constant currency basis)
- The quality of the loan portfolio declined with PAR>30 increasing from 0.8% to 1.1% YTD
- Cost/Income ratio increased by 626 bps to 49% YoY due to (i) increased funding costs in Pakistan resulting from higher hedging cost associated with the substantial currency depreciation as well as an increase in benchmark interest rates and (ii) lower than expected operating and financial performance in Sri Lanka in the aftermath of last year's government's debt relief programme and the Easter Sunday bombings this year
- Return on average assets was down 75 bps to 6.5% YoY due to (i) the higher proportionate growth of the Indian operations, (ii) temporary over-capitalization and excess liquidity in Pakistan related to the microfinance bank application and (iii) reduced USD profitability in Pakistan due to a combination of increased cost of hedging USD-denominated debt and a substantial increase in the Kibor rate
- Return on average equity down by 353 bps to 33.2% YoY

South Asia (continued)

India

ASA India continued to expand its operations but at a slower pace than initially planned due to the signals we received that the North Eastern Indian market is at risk of overheating:

- Number of clients up from 545k to 639k (up 17% YoY)
- Number of branches up from 281 to 352 (up 25% YoY), which is expected to fuel continuing high growth in the second-half of 2019
- OLP up from INR 6.5bn (USD 95m) to INR 8.3bn (USD 120m) (up 27% in INR YoY)
- Off-book portfolio up from INR 2.3bn (USD 33.2m) to INR 3.1bn (USD 45.5m) (up 38% in INR)
- OLP/Client up from INR 12.4K (USD 237) to INR 13.2K (USD 261) (up 7% in INR), while PAR>30 remained stable at 0.7%, which is an excellent achievement in this relatively competitive market
- ASA India continues to benefit from its strong business correspondent relationship with IDFC First Bank and the ongoing support of its many local and international lenders

Pakistan

ASA Pakistan continued to expand its operations at a good pace despite the presently difficult economic environment:

- Number of clients up from 387k to 429k (up 11% YoY)
- Number of branches up from 256 to 276 (up 8% YoY)
- OLP up from PKR 8.2bn (USD 67.5m) to PKR 9.8bn (USD 60.2m) (up 19% in PKR YoY)
- OLP/Client up from PKR 21K (USD 175) to PKR 23K (USD 141) (up 8% in PKR YoY)
- PAR>30 increased slightly from 0.3% to 0.6% YTD
- Despite the substantial devaluation of the PKR (down 17% YTD), ASA Pakistan's operating and financial performance in PKR was in line with expectations in terms of interest income and operating expenses, with the exception of funding costs, which increased due to a substantial increase in the KIBOR rate and higher hedging costs.

Sri Lanka

Lak Jaya Micro Finance was impacted by the ongoing challenging political and regulatory environment:

- Number of clients up from 70k to 67k (down 5% YoY)
- Number of branches up from 64 to 71 (up 11% YoY)
- OLP up from LKR 1.3bn (USD 8.5m) to LKR 1.6bn (USD 9.1m) (up 19% in LKR YoY)
- OLP/Client up from LKR 20K (USD 123) to LKR 26K (USD 145) (up 31% in LKR YoY)
- PAR>30 materially increased from 4.1% to 10.0% YTD due to eroded clients' repayment habits and discipline
- In addition, the introduction of an interest rate cap of 35% for microfinance companies is expected to reduce the profitability of the business in the short term. However, over time the ability to mobilize substantial savings with the new deposit-taking MFI license is expected to offset this.
- In view of the difficult market circumstances, management is primarily focused on client retention, cost control and improving the portfolio quality at this time

South East Asia

(UNAUDITED) (In USD thousands)	H12019	FY2018	H12018	YoY	YTD	% Change (constant currency)
Net profit	2,279	3,881	1,667	*37%*		*33%*
Normalised net profit [1]	2,279	3,881	1,667	*37%*		*33%*
Cost/income ratio [1]	*78%*	*75%*	*76%*			
Return on average assets (TTM) [1]	*4.5%*	*4.4%*	*4.7%*			
Return on average equity (TTM) [1]	*27.7%*	*25.1%*	*25.4%*			
Earnings growth (TTM) [1]	*37%*	*11%*	*29%*			
OLP [2]	72,986	62,118	54,605	*34%*	*17%*	*34%*
Total assets	111,074	95,015	86,757	*28%*	*17%*	
Client deposits [3]	20,496	17,801	16,585	*24%*	*15%*	
Interest-bearing debt [3]	64,558	54,306	47,558	*36%*	*19%*	
Share capital and reserves	15,986	15,353	16,411	*-3%*	*4%*	
Number of clients	468,424	442,254	425,735	*10%*	*6%*	
Number of branches	395	369	356	*11%*	*7%*	
Average outstanding loan per client (USD)	157	141	129	*21%*	*11%*	*21%*
PAR > 30 days	*0.9%*	0.5%	0.2%			
Client deposits as % of loan portfolio	*28%*	29%	30%			

[1] Adjusted for one-off items

[2] Excludes interest receivable and the unamortized loan processing fee

[3] Excludes interest payable

Strong operating performance in our Myanmar and Philippines operations, with the latter benefiting from the elimination of the obligation to charge VAT on interest income. Both countries performed in line with net profit expectations

- Net profit up 37% YoY (33% up on a constant currency basis)
- OLP up 34% YoY (34% up on a constant currency basis)
- Number of clients up 10% YoY
- Number of branches up 11% YoY
- OLP/Client in USD up by 21% YoY
- PAR>30 up from 0.5% to 0.9% YTD
- Cost/Income ratio slightly increased to 78%
- Return on average assets is stable at 4.5%
- Return on average equity increased to 27.7%

South East Asia (continued)

The Philippines

Pagasa Philippines Finance Company, Inc. (“PPFCI”) continued to gradually expand:

- Number of clients up from 305k to 324k (up 6% YoY)
- Number of branches up from 284 to 307 (up 8% YoY)
- OLP up from PHP 1.9bn (USD 35.6m) to PHP 2.4bn (USD 46.2m) (up 24% in PHP YoY)
- OLP/Client up from PHP 6.3K (USD 117) to PHP 7.3K (USD 143) (up 17% in PHP)
- PAR>30 increased from 0.4% to 1.1% YTD

Myanmar

ASA Myanmar achieved strong client and branch growth, increasing:

- Number of clients up from 121k to 144k (up 20% YoY)
- Number of branches up from 72 to 88 (up 22% YoY)
- OLP up from MMK 26.7bn (USD 19.0m) to MMK 40.7bn (USD 26.8m) (up 52% in MMK YoY)
- OLP/Client up from MMK 223K (USD 158) to MMK 284K (USD 186) (up 28% in MMK YoY)
- PAR>30 improved slightly from 0.6% to 0.5%

West Africa

(UNAUDITED) (In USD thousands)	H12019	FY2018	H12018	YoY	YTD	YoY % Change (constant currency)
Net profit	7,029	16,872	6,897	*2%*		*9%*
Normalised net profit (1)	6,674	16,484	6,897	*-3%*		*9%*
Cost/income ratio (1)	*47%*	*38%*	*41%*			
Return on average assets (TTM) (1)	*19.4%*	*20.4%*	*19.4%*			
Return on average equity (TTM) (1)	*51.8%*	*56.6%*	*55.0%*			
Earnings growth (TTM) (1)	*-3%*	*29%*	*25%*			
OLP (2)	69,754	71,840	63,315	*10%*	*-3%*	*19%*
Total assets	84,239	88,359	83,826	*0%*	*-5%*	
Client deposits (3)	35,679	35,958	32,350	*10%*	*-1%*	
Interest-bearing debt (3)	5,368	13,315	13,473	*-60%*	*-60%*	
Share capital and reserves	34,771	32,246	27,958	*24%*	*8%*	
Number of clients	416,024	435,660	389,784	*7%*	*-5%*	
Number of branches	420	414	380	*11%*	*1%*	
Average outstanding loan per client (USD)	169	165	163	*4%*	*2%*	*11%*
PAR > 30 days	1.2%	0.4%	0.1%			
Client deposits as % of loan portfolio	51%	50%	51%			

(1) Adjusted for one-off items

(2) Excludes interest receivable and the unamortized loan processing fee

(3) Excludes interest payable

Higher than expected depreciation of primarily Ghanaian GHS vis-à-vis the USD (12%) in H1 2019, limited further provisioning of deposits held at a Ghanaian bank and somewhat larger than expected seasonality effects led to West Africa's net profit growth being behind expectations.

- Net profit up 2% YoY (9% up on a constant currency basis)
- OLP up 10% YoY (19% up YoY on a constant currency basis), which is lower growth in USD terms than expected due to (i) higher than expected depreciation of this segment's operating currencies relative to the USD in the first half of 2019, and (ii) slower growth of OLP in Nigeria
- Number of clients up by 7% YoY
- Number of branches up 11% YoY
- OLP/Client in USD up by 4% YoY
- PAR>30 increased to 1.2%
- Cost/Income ratio increased from 41% to 47%
- Return on average assets is stable at 19.4% YoY
- Return on average equity down 202 bps to 53.0% YoY

West Africa (continued)

Ghana

ASA Savings & Loans Ltd ("ASA S&L Ghana") continues to expand, while maintaining a high portfolio quality:

- Number of clients up from 139k to 152k (up 10% YoY)
- Number of branches up from 113 to 123 (up 9% YoY)
- OLP up from GHS 165.9m (USD 35m) to GHS 206.8m (USD 38m) (up 25% in GHS YoY)
- OLP/Client up from GHS 1.2k (USD 250) to GHS 1.4K (USD 251) (up 14% in GHS YoY)
- PAR>30 remained low at 0.2%
- Due to turmoil in the finance sector resulting from the shutdown of several financial institutions, ASA S&L Ghana was not allowed by the Central Bank to open as many branches as expected.

Nigeria

ASHA Microfinance Bank Ltd. (ASA Nigeria) and ASIEA's growth was lower than expected, primarily due to relatively weak economic growth:

- Number of clients up from 228k to 235k (up 3% YoY)
- Number of branches up from 239 to 263 (up 10% YoY)
- OLP up from NGN 9.7bn (USD 26.9m) to NGN 10.5bn (USD 29.2m) (up 8% in NGN YoY)
- OLP/Client increased from NGN 42.6K (USD 118) to NGN 45.4K (USD 126) (up 7% YoY)
- PAR>30 increased to 2.5%
- Challenges with staffing due to security concerns slowed planned expansion into the Northern parts of Nigeria

Sierra Leone

ASA Sierra Leone continues to expand in client and branch growth, with expansion in:

- Number of clients up from 23k to 29k (up 29% YoY)
- Number of branches up from 28 to 34 (up 21% YoY)
- OLP up from SLL 13.5bn (USD 1.7m) to SLL 22.2bn (USD 2.5m) (up 65% in SLL YoY)
- OLP/Client up from SLL 598K (USD 76) to SLL 766K (USD 86) (up 28% in SLL YoY)
- PAR>30 increased from 1.1% to 1.4% YTD

East Africa

(UNAUDITED) (In USD thousands)	H12019	FY2018	H12018	YoY	YTD	YoY % Change (constant currency)
Net profit	2,527	3,647	1,583	*60%*		*60%*
Normalised net profit [(1)]	2,527	3,647	1,583	*60%*		*60%*
Cost/income ratio [(1)]	*63%*	*64%*	*64%*			
Return on average assets (TTM) [(1)]	*11.0%*	*11.5%*	*8.5%*			
Return on average equity (TTM) [(1)]	*48.3%*	*47.9%*	*33.7%*			
Earnings growth (TTM) [(1)]	*60%*	*262%*	*274%*			
OLP [(2)]	40,958	33,040	24,781	*65%*	*24%*	*66%*
Total assets	51,383	38,556	32,278	*59%*	*33%*	
Client deposits [(3)]	12,022	10,153	7,364	*63%*	*18%*	
Interest-bearing debt [(3)]	23,201	17,190	15,251	*52%*	*35%*	
Share capital and reserves	12,080	8,687	6,922	*75%*	*39%*	
Number of clients	293,853	242,313	193,644	*52%*	*21%*	
Number of branches	298	244	220	*35%*	*22%*	
Average outstanding loan per client (USD)	140	137	129	*8%*	*2%*	*9%*
PAR > 30 days	0.44%	0.40%	0.40%			
Client deposits as % of loan portfolio	*29%*	31%	30%			

(1) Adjusted for one-off items

(2) Excludes interest receivable and the unamortized loan processing fee

(3) Excludes interest payable

East Africa's net profit was higher than expected with significantly higher return on assets while maintaining a high-quality loan portfolio with PAR>30 Stable at 0.4%.

- Net profit up 60% YoY (61% up YoY on a constant currency basis)
- OLP increased by 65% YoY (66% on a constant currency basis), due to the continued expansion of operations in all countries across the segment
- Number of clients up 52% YoY
- Number of branches up 35% YoY
- OLP/Client up in USD by 8% YoY
- PAR>30 stable at 0.4%
- Cost/Income ratio improved by 63 bps to 63% YoY
- Return on average assets up 247 bps to 11.0% YoY
- Return on average equity up 1,471 bps to 48.4% YoY

Kenya

ASA Kenya substantially increased its operations, while improving the quality of the portfolio:

- Number of clients up from 58k to 84k (up 44% YoY)
- Number of branches up from 62 to 81 (up 31% YoY)
- OLP up from KES 0.9bn (USD 9.2m) to KES 1.4bn (USD 14.0m) (up 55% in KES YoY)
- OLP/Client increased from KES 15.9K (USD 158) to KES 17.3K (USD 169) (up 8% in KES YoY)
- PAR>30 deteriorated slightly from 0.7% to 1.0% YTD

East Africa (continued)

Tanzania

ASA Tanzania is performing as expected with high branch, client and OLP growth while improving the quality of the loan portfolio:

- Number of clients up from 66k to 102k (up 53% YoY)
- Number of branches up from 72 to 98 (up 36% YoY)
- OLP up from TZS 21.2bn (USD 9.3m) to TZS 36.1bn (USD 15.7m) (up 70% in TZS YoY)
- OLP/Client averaged TZS 357K (USD 155) up from TZS 321k (USD 141) (up 11% in TZS YoY)
- PAR>30 improved from 0.2% to 0.1%
- ASA Tanzania's operations are expected to stay on a high growth path

Uganda

ASA Uganda's growth has been gradual in terms of branches, clients and OLP combined with a stable quality of the loan portfolio:

- Number of clients up from 60k to 87k (up 45% YoY)
- Number of branches up from 68 to 83 (up 22% YoY)
- OLP up from UGX 19.6bn (USD 5.0m) to UGX 31.4bn (USD 8.5m) (up 60% in UGX YoY)
- OLP/Client up from UGX 328K (USD 85) to UGX 359K (USD 97) (up 15% in UGX YoY), and are expected to remain lower than in Kenya and Tanzania due to generally lower income levels in Uganda
- PAR>30 remained stable at 0.1%

Rwanda

ASA Rwanda successfully increased its operations:

- Number of clients up from 9k to 18k (up 102% YoY)
- Number of branches up from 18 to 30 (up 67% YoY)
- OLP up from RWF 1.bn (USD 1.3m) to RWF 2.2bn (USD 2.4m) (up 89% in RWF YoY)
- OLP/Client down from RWF 123K (USD 143) to RWF 122K (USD 134) (down 6% YoY)
- PAR>30 improved from 0.7% to 0.6%
- The market environment in Rwanda remains favourable with limited competition
- ASA Rwanda continues to expand and is in line to cross break-even in 2019, three years after inception

Zambia

ASA Zambia successfully commenced its operations:

- Number of clients reached 3k
- 6 branches were opened during H1 2019
- OLP grew to ZMW 4.6m (USD 361k)
- OLP/Client averaged ZMW 1.4k (USD 111)

Regulatory Environment

ASA International operates in a wide range of jurisdictions each with their own regulatory regimes applicable to microfinance institutions. The Company strives to upgrade the licenses of its non-deposit taking MFIs to deposit-taking MFIs or microfinance banks over time, and/or merging any of its non-regulated operations into regulated operations, where possible and if considered appropriate.

Key Events

Pakistan

- In 2018, ASA Pakistan submitted its updated application for transforming its non-deposit taking microfinance company into a microfinance bank, which is now under review by the State Bank of Pakistan (SBP). ASA Pakistan hopes to obtain a NOC (No Objection Clause) from SBP during the second half of 2019. We received positive signals from SBP that the approval process is on track.

Sri Lanka

- In April 2019, the government of Sri Lanka introduced an interest rate cap of 35% per annum on microfinance loans disbursed by licensed microfinance companies.

Philippines

- Pagasa Philippines received a finance company license in November 2018. As a result, there is no longer a requirement to charge VAT on interest income but only the lower GRT (Gross Receipt Tax). As a result, PPFCI should be able to realise a 5% higher return on gross interest income over time.

Myanmar

- In June, the government announced an upcoming reduction in the interest rate cap from 30% to 28%, but with the optionality to charge up to 2% of other fees. In addition, the mandatory minimum interest rate on deposits would also be reduced from 15% to 14% per annum. This will come into effect in October 2019.

Nigeria

- Post 30 June 2019 ASHA Microfinance Bank Ltd. received approval by the Central Bank of Nigeria to absorb the microfinance activities of ASIEA NGO. The Company is now preparing to actively merge ASHA Microfinance Bank and ASIEA NGO.

Tanzania

- ASA Tanzania is reviewing the possibility to upgrade its license to a deposit-taking microfinance institution following the adoption of the New microfinance Act which comes into effect in December 2019.

Key events after 30 June 2019

- In September 2019 ASAI India received a further capital injection of USD 5.3 million to expand its operations.

Regulatory Capital
Many of the Group's operating subsidiaries are regulated and subject to minimum regulatory capital requirements. As of 30 June 2019, the Group and its subsidiaries were in full compliance with minimum regulatory capital requirements.

Asset/Liability and Risk Management

ASA International has strict policies and procedures for the management of its assets and liabilities as well as various non-operational risks to ensure that:

- The average tenor of loans to customers is substantially shorter than the average tenor of debt provided by third party banks and other third-party lenders to the Group and any of its subsidiaries
- Foreign exchange losses are minimized by having all loans to any of the Group's operating subsidiaries denominated or properly hedged in the local operating currency and all loans to any of the Group's subsidiaries denominated in local currency are hedged in US dollars
- Foreign translation losses affecting the Group's balance sheet are minimised by preventing over-capitalisation of any of the Group's subsidiaries by distributing dividends and/or repaying capital as soon as reasonably possible

Nevertheless, the Group will always be exposed to currency movements in both (i) the profit & loss statement, which will affect the translation into USD of local currencies of its local operating subsidiaries and (ii) the balance sheet, due to gradual erosion of capital of each of its operating subsidiaries translated in USD, in case the US dollar strengthens against the currency of any of its operating subsidiaries.

Funding

The funding profile of the Group has not materially changed during the first half of 2019:

In USD millions

	30 June 19	31 Dec 18	30 June 18
Local Deposits	69.4	64.0	56.4
Loans from Financial Institutions	243.1	221.2	215.0
Microfinance Loan Funds	15.0	17.8	21.2
Loans from Dev. Banks & Foundations	40.0	40.0	40.0
Equity	92.9	88.4	84.9
Total Funding	**460.4**	**431.4**	**417.4**

The Group maintains a favourable maturity profile with the average tenor of all funding from third parties being substantially longer than the average tenor at issuance of loans to customers which ranges from 6-12 months.

The Group and its subsidiaries have existing credit relationships with more than 50 lenders throughout the world, which has provided reliable access to competitively-priced funding for the growth of its loan portfolio.

Impact of foreign exchange rates

As a USD reporting company with operations in thirteen different currencies, currency movements can have a major effect on the Group's USD financial performance and reporting.

During the first half of 2019, the US dollar strengthened more than expected, particularly vis-à-vis a number of South Asia and West African currencies where the Group has major operations. The effect of this is (i) existing and future local currency earnings translate into less US dollar earnings, and (ii) local currency capital of any of the operating subsidiaries will translate into less US dollar capital.

Countries	H12019	FY2018	H12018	Δ H12018 – H12019	Δ FY2018 – H12019
Pakistan (PKR)	163.1	139.4	121.7	*-34%*	*-17%*
India (INR)	69.0	69.5	68.4	*-1%*	*1%*
Sri Lanka (LKR)	176.5	183.0	158.3	*-11%*	*4%*
The Philippines (PHP)	51.2	52.5	53.3	*4%*	*2%*
Myanmar (MMK)	1516.8	1543.8	1411.4	*-7%*	*1%*
Nigeria (NGN)	360.0	364.3	360.0	*0%*	*1%*
Ghana (GHS)	5.4	4.9	4.8	*-13%*	*-12%*
Sierra Leone (SLL)	8925.0	8616.8	7877.5	*-13%*	*-4%*
Kenya (KES)	102.3	101.8	100.9	*-1%*	*0%*
Uganda (UGX)	3693.3	3715.6	3878.3	*5%*	*1%*
Tanzania (TZS)	2299.3	2298.3	2276.9	*-1%*	*0%*
Rwanda (RWF)	911.0	883.0	859.0	*-6%*	*-3%*
Zambia (ZMW)	12.8	12.0	10.0	*-29%*	*-7%*

The currency depreciation of, in particular, PKR and GHS were substantially higher than expected which had an adverse impact on the US dollar net profit growth of these affected subsidiaries.

It also led to an increase in foreign exchange translation losses due to ASA Pakistan's relatively high capital base related to its microfinance bank license application. The total contribution to the foreign exchange loss reserve during the first half of 2019 amounted to USD 4.6m of which USD 3.7m related to the depreciation of the PKR and USD 1.7m to the depreciation of GHS.

Impact of implementing IFRS 16 for leases

IFRS 16 supersedes IAS 17 Leases and applies to annual reporting periods beginning on or after 1 January 2019. ASA International and its component entities have rental lease agreements for 14 group and country head offices as well as for its 1,812 branches. The branch offices are usually simple residential apartments.

The Group has adopted and implemented IFRS 16 as at 1 January 2019 using the modified retrospective method, under which the cumulative effect of initial application is recognised in the retained earnings. Accordingly, comparative information presented for 2018 has not been restated- i.e. it is presented, as previously reported, in line with IAS 17.

The Group applied the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

Impact of implementing IFRS 16 for leases (continued)

ASA International recognised a lease liability as at 1 January 2019, measured at the present value of the remaining lease payments and discounted at the incremental borrowing rate per country. A right-of-use asset was also recognised at 1 January 2019 measured at an amount equal to the lease liability which is adjusted for any prepaid or accrued lease payments relating to the leases at that date. There was no impact on retained earnings from the implementation of IFRS 16.

The impact of implementing IFRS 16 is summarised as follows:

Statement of Financial Position	**IAS 17 31.12.2018 USD**	**IFRS 16 Impact USD**	**IFRS 16 01.01.2019 USD**
Assets			
Right-of-use assets	-	5,553,290	5,553,290
Prepayments	1,773,170	(1,773,170)	-
Total Assets	**1,773,170**	**3,780,120**	**5,553,290**
Liabilities			
Lease liabilities	-	3,723,124	3,723,124
Prepayments owing	-	56,996	56,996
Total Liabilities	**-**	**3,780,120**	**3,780,120**

Statement of Profit or Loss	**IAS 17 30 June 2019 USD**	**IFRS 16 30 June 2019 USD**
Rent expense	1,968,636	-
Depreciation of Right-of-use assets for existing contracts	-	1,839,536
Total operating expenses	**1,968,636**	**1,839,536**
Interest expense of lease liability for existing contracts	-	179,631
Deferred tax impact	-	(164,476)
Total	**1,968,636**	**1,854,691**

Principal risks and uncertainties

We have considered the principal risks and uncertainties faced by the Group for the remaining six months of the year and do not consider them to have changed from those set out on pages 48 to 53 of the Annual Report which is available on the Group's website at asa-international.com. These include but are not limited to: natural disasters and foreign exchange risk.

Going concern

The directors are satisfied that the Group has sufficient resources to continue in operations for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, the directors continue to adopt the going concern basis in preparing the interim condensed financial statements.

Directors' Responsibilities Statement in Respect of the Interim Results

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;
- The interim management report includes a fair review of the information required by:

a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the Annual Report for the year ended 31 December 2018 for ASA International Group plc.

By order of the Board

Dirk Brouwer

CEO

22 September 2019

Forward Looking Statement and Disclaimers

This announcement does not constitute or form part of any offer or invitation to purchase, otherwise acquire, issue, subscribe for, sell or otherwise dispose of any securities, nor any solicitation of any offer to purchase, otherwise acquire, issue, subscribe for, sell, or otherwise dispose of any securities. The release, publication or distribution of this announcement in certain jurisdictions may be restricted by law and therefore persons in such jurisdictions into which this announcement is released, published or distributed should inform themselves about and observe such restrictions.

INDEPENDENT REVIEW REPORT TO ASA INTERNATIONAL GROUP PLC

Introduction

We have been engaged by ASA International Group plc (the "Company" or the "Group") to review the condensed consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2019 which comprises the Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Interim Condensed Consolidated Statement of Financial Position, the Interim Condensed Consolidated Statement of Changes in Equity, the Interim Condensed Consolidated Statement of Cash Flows and related notes 1 to 35. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed consolidated financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed consolidated set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young LLP
London, United Kingdom
22 September 2019

ASA INTERNATIONAL GROUP PLC
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Notes	For the six months ended 30 June 2019 USD UNAUDITED	2018 * USD UNAUDITED
Interest and similar income	4.	77,652,643	66,862,149
Interest and similar expense	5.	(18,430,842)	(16,056,500)
Net interest income		**59,221,801**	**50,805,649**
Other operating income	6.	5,963,701	4,658,867
Total operating income		**65,185,502**	**55,464,516**
Credit loss expense	7.	(615,967)	(488,413)
Impairment loss	8.	(579,057)	-
Net operating income		**63,990,478**	**54,976,103**
Personnel expenses	9.	(23,136,426)	(17,465,465)
Depreciation on property and equipment	14.	(891,551)	(682,027)
Depreciation on Right-of-use assets	15.	(1,839,536)	-
Other operating expenses	10.	(12,936,626)	(11,227,348)
IPO expenses		-	(7,924,443)
Exchange rate differences		(270,910)	(147,382)
Total operating expenses		**(39,075,049)**	**(37,446,665)**
Profit before tax		**24,915,429**	**17,529,438**
Income tax expense	11.	(8,143,657)	(8,777,401)
Withholding tax expense	11.6.	(638,652)	(233,215)
Profit for the period		**16,133,120**	**8,518,822**
Profit for the period attributable to:			
Equity holders of the parent		15,911,654	8,249,035
Non-controlling interest		221,466	269,787
		16,133,120	**8,518,822**
Other comprehensive income:			
Foreign currency exchange differences on translation of foreign operations		(4,533,439)	(5,578,665)
Movement in hedge accounting reserve (net of tax)	33.	146,963	(781,960)
Others		-	36,503
Total other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax		**(4,386,476)**	**(6,324,122)**
Gain on revaluation of MFX investment		12,581	-
Actuarial gains and losses on defined benefit liabilities		-	(50,805)
Total other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of tax		**12,581**	**(50,805)**
Total comprehensive income for the period, net of tax		**11,759,225**	**2,143,895**
Total comprehensive income attributable to:			
Equity holders of the parent		11,514,949	1,974,930
Non-controlling interest		244,276	168,965
		11,759,225	**2,143,895**
Earnings per share	35.		
Equity shareholders of the parent for the period:			
Basic earnings per share		0.16	2.27
Diluted earnings per share		0.16	2.27

The notes 1 to 35 form an integral part of these financial statements.

* The comparative figures are for ASA International Holdings (ASAIH) consolidated as the Company had no activities until 13 July 2018. See note 2.1 for details.

ASA INTERNATIONAL GROUP PLC
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2019

	Notes	30-06-2019 USD UNAUDITED	31-12-2018 USD AUDITED
ASSETS			
Cash at bank and in hand		74,719,639	72,945,586
Loans and advances to customers	12.	374,889,580	343,127,939
Due from banks	13.	39,170,201	37,625,570
Equity investments at Fair Value through Other Comprehensive Income (FVOCI)		251,367	238,786
Property and equipment	14.	4,857,977	4,505,677
Right-of-use assets	15.	5,560,619	-
Deferred tax assets	11.2.	3,174,671	2,588,335
Other assets	16.	15,179,428	11,989,276
Goodwill		34,652	33,423
TOTAL ASSETS		**517,838,134**	**473,054,592**
EQUITY AND LIABILITIES			
EQUITY			
Issued capital	17.	1,310,000	1,310,000
Redeemable preference shares		-	65,500
Retained earnings	18.	130,089,140	121,316,849
Foreign currency translation reserve	19.	(40,805,734)	(36,249,485)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**90,593,406**	**86,442,864**
Total equity attributable to non-controlling interest		2,349,776	2,105,500
TOTAL EQUITY		**92,943,182**	**88,548,364**
LIABILITIES			
Debt issued and other borrowed funds	20.	302,291,249	280,082,198
Due to customers	21.	69,907,762	63,985,973
Retirement benefit liability		2,321,634	1,469,468
Current tax liability	11.1.	5,303,818	7,263,468
Deferred tax liability	11.3.	267,306	69,113
Lease liability	22.	3,998,258	-
Other liabilities	23.	40,456,278	30,482,598
Provisions	24.	348,647	1,153,410
TOTAL LIABILITIES		**424,894,952**	**384,506,228**
TOTAL EQUITY AND LIABILITIES		**517,838,134**	**473,054,592**

Approved by the Board of Directors on 22 September 2019
Signed on behalf of the Board

Dirk Brouwer - CEO

Tanwir Rahman - CFO

The notes 1 to 35 form an integral part of these financial statements.

ASA INTERNATIONAL GROUP PLC
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Notes	Issued capital	Redeemable preference shares	Merger reserve	Retained earnings	Foreign currency translation reserve	Non-controlling interest	Total
		USD	USD	USD	USD	USD	USD	USD
At 1 January 2018 *		**36,273,490**	**-**	**-**	**71,321,318**	**(25,831,373)**	**1,218,915**	**82,982,350**
Impact of adopting IFRS 9, net of tax		-	-	-	(263,381)	-	-	**(263,381)**
Adjusted opening balance		**36,273,490**	**-**	**-**	**71,057,937**	**(25,831,373)**	**1,218,915**	**82,718,969**
Profit for the period ending June 2018		-	-	-	8,249,035	-	269,787	**8,518,822**
Other comprehensive income:								**-**
Actuarial gains and losses on defined benefit liabilities		-	-	-	(50,805)	-	-	**(50,805)**
Foreign currency translation of assets and liabilities of subsidiaries						(5,477,843)	(100,822)	**(5,578,665)**
Movement in hedge accounting reserve		-	-	-	(781,960)			**(781,960)**
Other comprehensive income		-	-	-	36,503	-	-	**36,503**
Total comprehensive income for the period		**-**	**-**	**-**	**7,452,773**	**(5,477,843)**	**168,965**	**2,143,895**
At 30th June 2018		**36,273,490**	**-**	**-**	**78,510,710**	**(31,309,216)**	**1,387,880**	**84,862,864**
Profit for the six month ending December 2018		-	-	-	15,729,045	-	205,681	**15,934,726**
Other comprehensive income:								
Actuarial gains and losses on defined benefit liabilities		-	-	-	(130,668)	-	-	**(130,668)**
Foreign currency translation of assets and liabilities of subsidiaries		-	-	-	-	(4,940,269)	511,939	**(4,428,330)**
Movement in hedge accounting reserve		-	-	-	661,675	-	-	**661,675**
Other comprehensive income	-	-	-	-	282,597	-	-	**282,597**
Total comprehensive income for the period		**-**	**-**	**-**	**16,542,649**	**(4,940,269)**	**717,620**	**12,320,000**
Issue of capital and restructuring of the Group		94,726,510	-	(94,726,510)	-	-	-	**-**
Issue of redeemable preference shares		-	65,500	-	-	-	-	**65,500**
Dividend from ASAIH to CMI		-	-	-	(8,700,000)	-	-	**(8,700,000)**
Capital reduction	17.	(129,690,000)	-	94,726,510	34,963,490	-	-	**-**
At 31 December 2018		**1,310,000**	**65,500**	**-**	**121,316,849**	**(36,249,485)**	**2,105,500**	**88,548,364**
At 1 January 2019 (unaudited)		**1,310,000**	**65,500**	**-**	**121,316,849**	**(36,249,485)**	**2,105,500**	**88,548,364**
Profit for the period		-	-	-	15,911,654	-	221,466	**16,133,120**
Other comprehensive income:								
Foreign currency translation of assets and liabilities of subsidiaries		-	-	-	-	(4,556,249)	22,810	**(4,533,439)**
Other comprehensive income (net of tax)		-	-	-	159,544	-	-	**159,544**
Others		-	-	-	1,093	-	-	**1,093**
Total comprehensive income for the six month period		**-**	**-**	**-**	**16,072,291**	**(4,556,249)**	**244,276**	**11,760,318**
Redemption of redeemable preference shares		-	(65,500)	-	-	-	-	**(65,500)**
Dividend		-	-	-	(7,300,000)	-	-	**(7,300,000)**
At 30 June 2019 (unaudited)		**1,310,000**	**-**	**-**	**130,089,140**	**(40,805,734)**	**2,349,776**	**92,943,182**

The notes 1 to 35 form an integral part of these financial statements.

ASA INTERNATIONAL GROUP PLC
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Notes	For the six months ended 30 June 2019 USD UNAUDITED	2018 * USD UNAUDITED
OPERATING ACTIVITIES			
Profit before tax		24,915,429	17,529,438
Adjustment for movement in:			
Operating assets	25.1.	(50,082,811)	(46,990,816)
Operating liabilities	25.2.	8,506,839	14,745,567
Non-cash items	25.3.	6,664,517	(244,885)
Payment for employee liabilities		(63,784)	(54,315)
Income tax paid		(11,031,096)	(8,842,785)
Net cash flows used in operating activities		**(21,090,906)**	**(23,857,796)**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,215,184)	(884,418)
Proceeds from sale of property, plant and equipment		6,252	(9,039)
Net cash flow used in investing activities		**(1,208,932)**	**(893,457)**
FINANCING ACTIVITIES			
Proceeds from debt issued and other borrowed funds		143,672,909	116,662,336
Payments of debt issued and other borrowed funds		(115,056,834)	(96,276,206)
Payment of lease liabilities		(1,741,936)	-
Dividend paid		(3,212,000)	-
Net cash flow from financing activities		**23,662,139**	**20,386,130**
Cash and cash equivalents at 1 January		58,105,817	79,831,522
Net increase in cash and cash equivalents		1,362,301	(4,365,123)
Foreign exchange difference on cash and cash equivalents		(1,253,092)	3,758,932
Cash and cash equivalents as at 30 June	25.4.	**58,215,026**	**79,225,331**
Operational cash flows from interest			
Interest received		77,356,133	66,900,354
Interest paid		17,254,961	7,581,263

The notes 1 to 35 form an integral part of these financial statements.
* The comparative figures are for ASA International Holdings (ASAIH) consolidated as the Company had no activities until 13 July 2018. See note 2.1 for details.

1. CORPORATE INFORMATION

ASA International Group plc ("ASA International", the "Group" or the "Company", "ASAI") is a publicly listed company which was incorporated by Catalyst Microfinance Investors ("CMI") in England and Wales on 14 May 2018 for the purpose of the initial public offer of ASA International Holding.

Investment strategy

ASA International Group plc is an international microfinance holding company with operations in various countries throughout Asia and Africa.

Abbreviation list

Definitions	Abbreviation
A1 Nigeria Consultancy Limited	A1 Nigeria
ASAI Management Services Limited	AMSL
ASA	ASA Bangladesh
ASA Consultancy Limited	ASA Consultancy
ASA Limited	ASA Kenya
ASA Lanka Private Limited	ASA Lanka
ASA Leasing Limited	ASA Leasing
ASA Microfinance (Myanmar) Ltd	ASA Myanmar
ASA Pakistan Limited	ASA Pakistan
ASA Microfinance (Rwanda) Limited	ASA Rwanda
ASA Savings & Loans Limited	ASA S&L
ASA Microfinance (Sierra Leone)	ASA Sierra Leone
ASA Microfinance (Tanzania) Ltd	ASA Tanzania
ASA Microfinance (Uganda) Limited	ASA Uganda
ASA Microfinance Zambia Limited	ASA Zambia
ASA International Holding	ASAIH
ASA International Cambodia Holdings	ASAI Cambodia Holdings
ASAI Coöperatief U.A.	ASAI Coop
ASAI Investments & Management B.V	ASAI I&M
ASA International India Microfinance Limited	ASAI India
ASA International N.V.	ASAI NV
ASA International Group plc	ASAIG
ASHA Microfinance Bank Limited	ASHA Nigeria
Association for Social Improvement and Economic Advancement	ASIEA
Catalyst Microfinance Investors	CMI
C.M.I. Lanka Holding (Private) Limited	CMI Lanka
Catalyst Microfinance Investment Company	CMIC
CMI International Holding	CMII

1. CORPORATE INFORMATION (Continued)

Definitions	**Abbreviation**
CMI Ventures Ltd	CMIV
Bill & Melinda Gates Foundation	Gates Foundation
Lak Jaya Micro Finance Limited	Lak Jaya
PagASA ng Pinoy Mutual Benefit Association, Inc.	MBA Philippines
Micro Enterprise Trustee Services (Pvt.) Ltd.	METS
Microfinance Institution	MFI
Pag-asa Ng Masang Pinoy Foundation, Inc.	Pag-asa
Pagasa Consultancy Limited	Pagasa Consultancy
Pinoy Consultancy Limited	Pinoy
Pagasa Philippines Finance Corporation	PPFC
Proswift Consultancy Private Limited	Proswift
PT ASA Microfinance	PT ASA Microfinance
PT PAGASA Consultancy	PT PAGASA Consultancy
Sequoia B.V.	Sequoia

2. ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements of ASA International Group plc have been prepared on a historical cost basis, except for available for sale and derivative instruments, which have been kept at fair value.

As from 13 July 2018 the functional currency of the Company changed from Pound Sterling to United States Dollar ("USD") because of the acquisition of ASA International Holding and its subsidiaries which caused a significant change in its underlying transactions, events and conditions. The Company is an extension of the existing group it acquired which uses USD as its main operational currency. The presentation currency remained USD. All values are rounded to the nearest USD except where otherwise indicated.

ASA international Group Plc aquired 100% of the shares of ASA International Holding (ASAIH) on 13th July 2018. Hence for 2018 six month consolidated results for the Group comprise the unaudited results of ASAIH and its subsidiaries. The continuation of accounting has been applied.

After the issue of financial statements the Company's owners or others do not have the power to amend the financial statements.

2.1.1 General

The interim condensed consolidated financial statements do not include all the information and disclosures as in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2018.

In preparing the interim condensed financial statements, the same accounting policies, methods of computation and presentation have been applied as set out in the Annual Report and Accounts 2018 which is available on the Group’s website at http://asa-international.com, with the exception of IFRS 16 which the Group adopted with effect from 1 January 2019 (see note 2.2).

2.1.2 Statement of compliance

The financial statements are prepared in accordance with and comply with International Accounting Standard ("IAS") 34, as issued by the International Accounting Standards Board ("IASB").

2. ACCOUNTING POLICIES (Continued)

2.1.2 Statement of compliance (continued)

The interim condensed consolidated financial statements for the period from 1 January 2019 to 30 June 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting.

2.1.3 Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June for each half year. The financial statements of subsidiaries are similarly prepared for the half year ended 30 June 2019 applying similar accounting policies and on a going concern basis.

2.2 New standards, interpretations and amendments adopted by the group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 16 Leases. IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'). As required by IAS 34, the nature and effect of these changes are disclosed below.

IFRS 16 Leases

Lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. Previously the group use to charge the consideration paid in its books as rent expenses. IFRS 16 introduced a single, on balance sheet accounting model for leases. As a result, the group, as a lessee, has recognised right of use assets representing its rights to use underlying assets and lease liabilities representing its obligation to make lease payments. The cumulative effect of initially applying IFRS 16 is recognised as an opening adjustment to retained earnings. The Group applied IFRS 16 on 1 January 2019 for the existing lease contracts.

The Group's corporate headquarters, country head offices and branches (with the exception of the country head office in the Philippines) are leased and these leases were classified as operating leases, which under IFRS 16 are required to be recognised on the Group's statement of financial position. The Group has performed an assessment of the potential impact of the adoption of IFRS 16 on its financial statements. The standard has an impact on the financial statements. The nature and timing of expenses related to those leases has changed as IFRS 16 replaced the straight-line operating lease expense (as per IAS-17) with a depreciation charge for the right of use assets and interest expense on lease liabilities.

The Group has elected not to use the exemptions proposed by the standard on lease contracts for which the lease terms end within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. ASA International does not apply any exemptions because the majority of the lease terms are 12 months or more and the fair value of the assets are higher than US$ 5,000.

Transition

The Company applied the practical expedient to the definition of a lease on transition. This means that it applied IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

2. ACCOUNTING POLICIES (Continued)

2.2 New standards, interpretations and amendments adopted by the group (continued)

IFRS 16 Leases (continued)

ASA International applied IFRS 16 initially on 1 January 2019, using the modified retrospective approach. Accordingly, the comparative information presented for 2018 has not been restated- i.e. it is presented, as previously reported, under IAS 17 and related interpretations. This includes recognising a lease liability at 1 January 2019, measured at the present value of the remaining lease payments and discounted at the incremental borrowing rate. A right-of-use asset was be recognised at 1 January 2019 measured at an amount equal to the lease liability and adjusted by any prepaid or accrued lease payments relating to that lease contained in the statement of financial position immediately before 1 January 2019. There was no impact on the retained earnings due to the transition.

Transition to IFRS 16

In summary the impact of IFRS 16 adoption is as follows:

The impact on the statement of financial position (increase/(decrease)) in 2019:

	IAS 17	IFRS 16	IFRS 16
	31.12.2018	Impact	01.01.2019
Statement of Financial Position	**USD**	**USD**	**USD**
Assets			
Right-of-use assets	-	5,553,290	5,553,290
Prepayments	1,773,170	(1,773,170)	-
Total Assets	**1,773,170**	**3,780,120**	**5,553,290**
Liabilities			
Lease liabilities	-	3,723,124	3,723,124
Prepayments owing	-	56,996	56,996
Total Liabilities	**-**	**3,780,120**	**3,780,120**

	IAS 17	IFRS 16
	30 June 2019	30 June 2019
Statement of Profit or Loss	**USD**	**USD**
Rent expense	1,968,636	-
Depreciation of Right-of-use assets for existing contracts	-	1,839,536
Total operating expenses	**1,968,636**	**1,839,536**
Interest expense of lease liability for existing contracts	-	179,631
Deferred tax impact		(164,476)
Total	**1,968,636**	**1,854,691**

a) Nature of the effect of adopting IFRS 16

ASAI is impacted from a lessee perspective due to having rental agreements at its head offices and branches. In case of ASAI Group Plc. all contractual payments to the lessor contains only fixed amounts of lease payment and no variable lease payments are embedded with the lease payments. Rental contracts are typically made for fixed periods of six months to five years. Before adopting IFRS 16, the Company classified its leases at the inception date as operating leases as all of the risks stayed with the lessor. The leased property was not capitalised and the lease payments were recognised as rent expense in the statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and other payables, respectively.

Upon adoption of IFRS 16, ASA International applied a single recognition and measurement approach for all leases as a lessee. The Company recognised lease liabilities as per the lease obligations and right-of-use assets which represent the right to use the underlying leased assets. In accordance with the modified retrospective approach, the Group applied IFRS 16 on 1 January 2019 for the existing lease contracts what do not have impact on retained earnings at implementation date at 1 January 2019.

2. ACCOUNTING POLICIES (Continued)

2.2 New standards, interpretations and amendments adopted by the group (continued)

IFRS 16 Leases (continued)

ASA International applied the available practical expedients wherein it:

- used a single discount rate to leases with reasonably similar characteristics;
- decided not to apply any exemptions to leases with a lease term that ends within 12 months at the date of initial application;
- decided not to apply any exemptions to leases with low value assets at the date of initial application; and
- used the hindsight in determining the lease term where the contract contains an option to extend or terminate the lease.
- Lease payment does not include any VAT.

The Company applied these available practical expedients.

b) Summary of new accounting policies

Right-of-Use assets

ASA International recognises right-of-use assets at the commencement date of the lease (i.e., the date that the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use asset includes the amount of lease liabilities recognised, initial direct costs incurred, dismantling cost and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are measured applying a cost model under IAS 16 Property, Plant and Equipment and depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term in a view that this method reflects the pattern in which the future economic benefits of the right-of-use asset are consumed by the company.

Lease liabilities

Initial Measurement
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less (if any) lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. There are no obligatory extension clauses in the rental agreements.

In calculating the present value of lease payments, ASA International uses the incremental borrowing rate at the lease commencement date due to the reason that the interest rate of implicit in the lease is not available. The incremental borrowing rate is calculated using a reference rate (derived as country specific risk free rate) and adjusting it with company specific financing spread and integrating lease specific factors.

Subsequent Measurement
After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term or a change in the in-substance fixed lease payments

2. ACCOUNTING POLICIES (Continued)

2.2 New standards, interpretations and amendments adopted by the group (continued)

IFRS 16 Leases (continued)

Incremental Borrowing rate (IBR)

ASA International cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment

IFRS 16 describes the accounting for an individual lease and a discount rate that should be determined on a lease-by-lease basis. However, as a practical expedient, an entity may apply IFRS 16 to a portfolio of leases with similar characteristics if the entity reasonably expects that the effects on the financial statements of applying a portfolio approach instead of a lease-by-lease basis would not differ materially from applying this Standard to the individual leases within that portfolio. If accounting for a portfolio, an entity shall use estimates and assumptions that reflect the size and composition of the portfolio.

ASAI applied a discount rate per country based on leases with similar characteristics. Applying a portfolio approach instead of a lease-by-lease approach which had no material impact for the group. The starting point for estimating the reference rate is the local risk-free rate.

The group developed an approach to determine the Incremental Borrowing Rate that is closely aligned with the definitions and requirements prescribed in IFRS 16. In this approach the group first determined country risk free rate and adjusted that with company specific financing spread and lease specific adjustments to consider IBR rates.

ASAI used country soveriegn rates to determine the risk free rate. If no soveriegn risk-free rate is available, a build-up approach is applied that adjusts the USD based United States Treasury Strips for (i) the Country Risk Premium, to capture country specific risk, and (ii) the long term inflation differential, to capture any currency risk.

The company specific financing spread is determined based on (i) the companyspecific perspective / credit rating, (ii) the credit rating of the legal entities (lessees) of ASA International, and (iii) the market interest rates / yields on industry specific bonds.

The lease specific adjustment depends on the type / nature of asset, and relates to the fact that a secured bond will have a lower yield compared to an unsecured bond.However, the yield difference varies based on the type / nature of the asset that is used as collateral.

Management have engaged third party advisor to support on the process.

c) Amounts recognised in the statement of financial position and profit or loss

Set out below, are the carrying amounts of the Group's right-of-use assets, lease liabilities and the movements during the period.

	Right-of-use assets	Lease Liabilities	Deffered tax assets
	USD	USD	USD
As at 1 January 2019	**5,553,290**	**3,723,124**	-
Additions of Right-of-use assets	1,494,259	1,751,234	-
Depreciation expense of Right-of-use assets	(1,839,536)	-	-
Interest expense of lease liabilities	-	179,631	-
Payment of lease liabilities	-	(1,741,936)	-
Exchange rate difference	352,606	86,205	-
Deferred tax impact on IFRS 16	-	-	164,476
As at 30 June 2019	**5,560,619**	**3,998,258**	**164,476**

2. ACCOUNTING POLICIES (Continued)

2.2 New standards, interpretations and amendments adopted by the group (continued)

IFRS 16 Leases (continued)

Set out below, are the amounts recognised in profit or loss:

	30 June 2019	30 June 2018
	USD	USD
Depreciation expense of Right-of-use assets	1,839,536	-
Interest expense of lease liabilities	179,631	-
Rent expense	-	1,968,636
Deferred tax impact	(164,476)	-
Total amounts recognised in profit or loss	**1,854,691**	**1,968,636**

d) The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	USD
Operating lease commitments as of 31 December 2018	2,808,957
Add: Payments in optional extension periods not recognised as at 31 December 2018	1,418,915
Total Lease commitments as on Jan 1 2019	**4,227,872**
Weighted average borrowing rate	**9%**
Discounted lease commitments as of Jan 1 2019	**3,723,124**

2.3 Other pronouncements

Other accounting pronouncements which have become effective from 1 January 2019 and have therefore been adopted do not have a significant impact on the Group's financial results or position.

2.4 Significant accounting judgements and estimates

All significant judgements and estimates are similar to the year end except for IFRS 16 judgements in relation to IBR which was disclosed above.

3. SEGMENT INFORMATION

For management purposes, the Group is organised into reportable segments based on its geographical areas and has five reportable segments, as follows:
- West Africa, which includes Ghana, Nigeria and Sierra Leone.
- East Africa, which includes Kenya, Uganda, Tanzania, Rwanda and Zambia.
- South Asia, which includes India, Pakistan and Sri Lanka.
- South East Asia, which includes Myanmar and the Philippines.
- Non-operating entities, which includes holding entities and other entities without microfinance activities.

No operating segments have been aggregated to form the above reportable operating segments. The Company primarily provides only one type of service to its microfinance clients being small microfinance loans which are managed under the same ASA Model in all countries. The reportable operating segments have been identified on the basis of organisational overlap like common Board members, regional management structure and cultural and political similarity due to their geographical proximity to each other.

The Executive Committee is the Chief Operating Decision Maker (CODM) and monitors the operating results of its reportable segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operational profits and losses and is measured consistently with profit or loss in the consolidated financial statements. Transfer prices between operating and non-operating segments are on an arm’s length basis in a manner similar to transactions with third parties and are based on the Group's transfer pricing framework.

Revenues and expenses as well as assets and liabilities of those entities that are not assigned to the four reportable operating segments are reported under 'Non-operating entities'. Inter-segment revenues, expenses and balance sheet items are eliminated on consolidation.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue in the first half of year 2019 and in the first half of year 2018.

3. SEGMENT INFORMATION (continued)

The following tables present operating income and profit information for the Group's operating segments for the six months ended 30 June 2019

As at 30 June 2019 (Unaudited)	West Africa	East Africa	South Asia	South East Asia	Non-operating entities	Total segments	Adjustments and eliminations	Consolidated
	USD	USD	USD	USD	USD	USD	USD	USD
External interest and similar income	21,466,461	10,665,763	30,058,073	15,449,717	12,629	77,652,643	-	77,652,643
Inter-segment interest income	-	-	-	7,023	1,323,842	1,330,865	(1,330,865)	-
External interest expense	(1,910,999)	(1,251,519)	(11,100,433)	(2,617,729)	(1,550,162)	(18,430,842)	-	(18,430,842)
Inter-segment interest expense	(253,104)	(345,331)	(140,661)	(385,690)	(206,079)	(1,330,865)	1,330,865	-
Net interest income	**19,302,358**	**9,068,913**	**18,816,979**	**12,453,321**	**(419,770)**	**59,221,801**	**-**	**59,221,801**
External other operating income	960,972	1,025,746	1,957,281	2,005,612	14,090	5,963,701	-	5,963,701
Inter-segment other operating income	714,577	-	-	-	32,018,290	32,732,867	(32,732,867)	-
Other inter-segment expense	(714,577)	-	(20,233)	(1,306,362)	(1,674,064)	(3,715,236)	3,715,236	-
Total operating income	**20,263,330**	**10,094,659**	**20,754,027**	**13,152,571**	**29,938,546**	**94,203,133**	**(29,017,631)**	**65,185,502**
Credit loss expense	(378,998)	(74,316)	(913,788)	(174,554)	-	(1,541,656)	925,689	(615,967)
Impairment loss	(506,284)	(20)	-	-	-	(506,304)	(72,753)	(579,057)
Net operating income	**19,378,048**	**10,020,323**	**19,840,239**	**12,978,017**	**29,938,546**	**92,155,173**	**(28,164,695)**	**63,990,478**
Personnel expenses	(5,866,144)	(3,881,443)	(6,316,856)	(5,135,021)	(1,936,962)	(23,136,426)	-	(23,136,426)
Exchange rate differences	(13,685)	(61,510)	(129,761)	73,910	(139,864)	(270,910)	-	(270,910)
Other operating expenses	(3,045,373)	(2,452,437)	(3,462,431)	(4,681,785)	(1,994,782)	(15,636,808)	(30,905)	(15,667,713)
Tax expenses	(3,423,826)	(1,098,257)	(2,438,259)	(956,469)	(755,844)	(8,672,655)	(109,654)	(8,782,309)
Segment profit	**7,029,020**	**2,526,676**	**7,492,932**	**2,278,652**	**25,111,094**	**44,438,374**	**(28,305,254)**	**16,133,120**
Total assets	**84,876,396**	**51,337,518**	**238,720,427**	**111,426,010**	**323,294,774**	**809,655,125**	**(291,816,990)**	**517,838,134**
Total liabilities	**50,104,944**	**39,257,362**	**189,748,783**	**95,440,414**	**125,284,035**	**499,835,538**	**(74,940,584)**	**424,894,952**

Explanation: Segment profit is net profit after tax

3. SEGMENT INFORMATION (continued)

The following tables present operating income and profit information for the Group's operating segments for the six months ended 30 June 2018

As at 30 June 2018 (Unaudited)	West Africa	East Africa	South Asia	South East Asia	Non-operating entities	Total segments	Adjustments and eliminations	Consolidated
	USD	USD	USD	USD	USD	USD	USD	USD
External interest and similar income	18,293,645	6,630,108	30,657,771	11,262,817	17,808	66,862,149	-	66,862,149
Inter-segment interest income	-	-	-	-	1,719,728	1,719,728	(1,719,728)	-
External interest expense	(1,741,761)	(534,535)	(10,106,478)	(1,936,133)	(1,737,593)	(16,056,500)	-	(16,056,500)
Inter-segment interest expense	(288,585)	(654,195)	(414,198)	(362,750)	-	(1,719,728)	1,719,728	-
Net interest income	**16,263,299**	**5,441,378**	**20,137,095**	**8,963,934**	**(57)**	**50,805,649**	**-**	**50,805,649**
External other operating income	898,696	751,741	1,325,981	1,689,034	(6,585)	4,658,867	-	4,658,867
Inter-segment other operating income	-	-	-	-	968,368	968,368	(968,368)	-
Other inter-segment expense	-	-	(19,916)	(948,452)	-	(968,368)	968,368	-
Total operating income	**17,161,995**	**6,193,119**	**21,443,160**	**9,704,516**	**961,726**	**55,464,516**	**-**	**55,464,516**
Credit loss expense	(140,081)	119,531	(362,418)	(105,445)	-	(488,413)	-	(488,413)
Impairment loss								
Net operating income	**17,021,914**	**6,312,650**	**21,080,742**	**9,599,071**	**961,726**	**54,976,103**	**-**	**54,976,103**
Personnel expenses	(4,395,086)	(2,566,161)	(5,805,014)	(3,852,886)	(846,318)	(17,465,465)	-	(17,465,465)
Exchange rate differences	35,119	(56,149)	(106,382)	(21,966)	1,996	(147,382)	-	(147,382)
Other operating expenses	(2,624,787)	(1,464,744)	(3,249,316)	(3,212,162)	(1,358,366)	(11,909,375)	-	(11,909,375)
IPO related expenses	-	-	-	-	(7,924,443)	(7,924,443)	-	(7,924,443)
Tax expenses	(3,140,113)	(642,475)	(4,156,583)	(845,777)	(225,668)	(9,010,616)	-	(9,010,616)
Segment profit	**6,897,047**	**1,583,121**	**7,763,447**	**1,666,280**	**(9,391,073)**	**8,518,822**	**-**	**8,518,822**
AS at 31 December 2018 (audited)								
Total assets	**89,000,697**	**38,566,366**	**213,639,274**	**95,014,534**	**350,116,485**	**786,337,356**	**(313,282,764)**	**473,054,592**
Total liabilities	**56,755,170**	**29,879,568**	**166,325,691**	**79,661,465**	**142,264,015**	**474,885,909**	**(90,379,681)**	**384,506,228**

Explanation: Segment profit is net profit after tax

4. INTEREST AND SIMILAR INCOME

The interest and similar income consist of interest income on microfinance loans to customers, and interest income on bank balances and fixed-term deposits.

	For the six months ended 30 June	
	2019	**2018**
	USD	**USD**
	UNAUDITED	**UNAUDITED**
Interest income on loans and advances to customers	73,161,418	61,335,438
Interest income from clients from on-book BC Model (ASAI India)	569,251	1,852,215
Interest income on short-term deposits	1,251,158	1,383,557
Amortisation of loan processing fees	2,666,368	2,271,378
Other interest income	4,448	19,561
	77,652,643	**66,862,149**

5. INTEREST AND SIMILAR EXPENSE

Included in interest and similar expense are accruals for interest payments to customers and other charges from banks.

		For the six months ended 30 June	
	Notes	**2019**	**2018**
		USD	**USD**
		UNAUDITED	**UNAUDITED**
Interest expenses on loans		(14,801,299)	(13,575,418)
Interest expense on security deposits & others		(2,044,404)	(1,309,116)
Interest expense on lease liability		(179,630)	-
Commitment and processing fees		(114,347)	(79,308)
Amortisation forward points of forward contracts	33.	(1,291,162)	(1,092,658)
		(18,430,842)	**(16,056,500)**

6. OTHER OPERATING INCOME

		For the six months ended 30 June	
	Notes	**2019**	**2018**
		USD	**USD**
		UNAUDITED	**UNAUDITED**
Member's admission fees		794,420	709,103
Document fees		449,752	334,211
Proceeds from sale of pass-books		101,602	78,395
Income on Death and Multipurpose Risk Funds		2,283,033	1,876,443
Service fees income from off-book BC Model (ASAI India)		1,797,297	979,744
Distribution fee MBA Philippines		376,186	162,508
Other		161,411	518,463
		5,963,701	**4,658,867**

Other includes several small items that are smaller than USD 100,000 on an individual basis.

7. CREDIT LOSS EXPENSE

		For the six months ended 30 June	
	Notes	**2019**	**2018**
		USD	**USD**
		UNAUDITED	**UNAUDITED**
Customer credit loss expense	12.1.	(398,321)	(374,516)
Credit loss expensed/(recovered) on on-book BC model	12.2.	(100,476)	43,339
Other credit loss expense		(117,170)	(157,236)
		(615,967)	**(488,413)**

Other credit loss includes provision against interest receivable from customers and BC portfolio which are off-book and expenses for early settlement of customer loans.

8. IMPAIRMENT LOSS

	For the six months ended 30 June	
	2019	**2018**
	USD	**USD**
	UNAUDITED	**UNAUDITED**
Impairment of bank balance	(578,665)	-
Impairment of receivable from related parties	(392)	-
	(579,057)	-

Impairment loss includes impairment of bank balances and intercompany loans.

9. PERSONNEL EXPENSES

Personnel expenses include total base salary expenses and employee benefit plans:

	Notes	For the six months ended 30 June 2019	2018
		USD	USD
		UNAUDITED	UNAUDITED
Personnel expenses		(20,726,782)	(15,882,616)
Defined contribution plans		(1,412,941)	(1,204,850)
Defined benefit plans		(996,703)	(377,999)
		(23,136,426)	**(17,465,465)**

ASAI India, ASA Pakistan, Lak Jaya and PPFC are maintaining defined benefit pension plans in the form of gratuity plans at retirement, death, incapacitation and termination of employment for eligible employees. The funds for the plans in ASA Pakistan, PPFCI and Lak Jaya are maintained by the entity itself and no plan assets have been established separately. The funds for the plan of ASAI India are being maintained with Life Insurance Corporation of India and the entity's obligation is determined by actuarial valuation. Nigeria has also started employees retirement benefits in form of gratuity this year which has been accrued with retrospective effect. There are no other post-retirement benefit plans available to the employees of the Group.

The full year contribution to the defined benefit plans in 2019 is expected to be USD 1,872,136 (2018: USD 431,497). Actuarial valuation will be done at the year end.

10. OTHER OPERATING EXPENSES

The other operating expenses include the following items:

	Notes	For the six months ended 30 June 2019	2018
		USD	USD
		UNAUDITED	UNAUDITED
Administrative expenses	10.1.	(10,320,359)	(9,399,379)
Professional fees		(1,420,481)	(1,075,143)
Audit fees	10.2	(692,465)	(419,063)
Other		(210,127)	(237,661)
International travel		(293,194)	(96,102)
		(12,936,626)	**(11,227,348)**

	For the six months ended 30 June 2019	2018
	USD	USD
	UNAUDITED	UNAUDITED
10.1. **Administrative expenses**		
Rent	-	(1,968,636)
Office expenses	(1,840,602)	(1,213,349)
Transport and representation expenses	(3,353,068)	(2,567,907)
Gas, water and electricity	(573,384)	(492,575)
Telecommunications and internet expenses	(828,344)	(516,819)
VAT/ Output tax/ Service tax	(1,497,891)	(331,322)
Bank charges	(364,133)	(347,458)
Other administrative expenses	(1,862,937)	(1,961,313)
	(10,320,359)	**(9,399,379)**

Other administrative expenses include several small items that are smaller than USD 200,000 on an individual basis.

	For the six months ended 30 June 2019	2018
	USD	USD
	UNAUDITED	UNAUDITED
10.2. **Audit fees**		
Fees payable for the audit of the Group's annual accounts	(393,592)	(288,208)
Audit of the Company's subsidiaries	(298,873)	(130,855)
Total audit and audit related assurance services fees	**(692,465)**	**(419,063)**
Other assurance services	-	-
Non-audit services IPO reporting accountant	-	(2,843,807)
Total other services	**-**	**(2,843,807)**

11. INCOME TAX AND WITHHOLDING TAX EXPENSE

	For the six months ended 30 June 2019	2018
	USD	USD
	UNAUDITED	UNAUDITED
Income tax expense		
Current income tax	(8,748,341)	(8,777,401)
Income tax for previous periods	(98,811)	-
Changes in deferred income tax	703,495	-
	(8,143,657)	**(8,777,401)**

	For the six months ended 30 June 2019	2018
	USD	USD
	UNAUDITED	AUDITED
11.1. **Current tax liability**		
Balance as at beginning of period	7,263,468	3,841,338
Tax charge during the period	8,847,152	19,497,820
Tax paid	(10,434,953)	(15,534,223)
Foreign exchange adjustment	(371,849)	(541,467)
Balance as at end of period	**5,303,818**	**7,263,468**

	For the six months ended 30 June 2019	2018
	USD	USD
	UNAUDITED	AUDITED
11.2. **Deferred tax assets**		
Balance as at beginning of period	2,588,335	1,527,394
Charge during the period	853,577	1,201,653
Foreign exchange adjustment	(267,241)	(140,712)
Balance as at end of period	**3,174,671**	**2,588,335**

Deferred tax assets are temporary differences recognised in accordance with local tax regulations and with reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

	For the six months ended 30 June 2019	2018
	USD	USD
	UNAUDITED	AUDITED
11.3. **Deferred tax liability**		
Balance as at beginning of period	69,113	60,425
Charge during the period	218,475	18,512
Foreign exchange adjustment	(20,282)	(9,824)
Balance as at end of period	**267,306**	**69,113**

Deferred tax relates to:	**Deferred tax assets**	**Deferred tax liabilities**	**Income statement**	**Deferred tax assets**	**Deferred tax liabilities**	**Income statement**
	For the six months ended 30 June 2019			**2018**	**2018**	**2018**
	USD	**USD**	**USD**	**USD**	**USD**	**USD**
Provisions of LLP	689,161	255,881	43,302	295,393	-	(57,086)
Provision for retirement liabilities	498,786	-	100,194	385,089	-	69,842
Revaluation of cash flows hedge	-	-	386,138	(427,188)	-	(456,209)
Provision on FX loss	1,417,441	-	(267,103)	1,953,618	-	1,314,988
Other temporary differences	547,044	(52,610)	418,157	381,423	69,113	311,606
IFRS 16 Lease	22,239	-	22,807	-	-	-
Other comprehensive income	-	64,035	(68,393)	-	-	-
	3,174,671	**267,306**	**635,102**	**2,588,335**	**69,113**	**1,183,141**

11.4. **Reconciliation of the total tax charge**

	For the six months ended 30 June	
	2019	**2018**
	USD	**USD**
	UNAUDITED	**AUDITED**
Accounting result before tax	**24,915,429**	**44,680,902**
Income tax expense at nominal rate of consolidated entities	(7,712,156)	(15,495,906)
Over/ (under) provision for income tax previous period	(98,811)	(24,614)
Net allowable/ (non-allowable) expenses	581,070	(1,676,384)
Deferred tax not recognised on losses	(599,626)	(472,554)
Exempt income	53,529	450,610
Other permanent differences	(367,663)	(1,095,832)
Total income tax expense for the period	**(8,143,657)**	**(18,314,680)**
Weighted average nominal rate of consolidated entities	31%	35%
Consolidated effective tax rate	33%	41%

11.5. **Income tax per region**

	For the six months ended 30 June	
	2019	**2018**
	USD	**USD**
	UNAUDITED	**AUDITED**
Corporate income tax- West Africa	(3,424,465)	(7,662,950)
Corporate income tax- South Asia	(2,329,480)	(7,093,449)
Corporate income tax- East Africa	(1,069,612)	(1,565,391)
Corporate income tax-South East Asia	(953,144)	(1,855,268)
Corporate income tax- Non operating entities	(366,956)	(137,621)
Total income tax per region	**(8,143,657)**	**(18,314,679)**

11.6. **Withholding tax expense**

	For the six months ended 30 June	
	2019	**2018**
	USD	**USD**
	UNAUDITED	**UNAUDITED**
Withholding tax on interest income, dividend, royalties and service fees	(638,652)	(233,215)
Total withholding tax expense	**(638,652)**	**(233,215)**

Interest income, dividends, royalties and service fees are subject to withholding tax in certain jurisdictions. The applicable withholding tax rates vary per country and per type of income.

12. LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers are net of provision for credit loss.

	Notes	**30-06-2019**	**31-12-2018**
		USD	**USD**
		UNAUDITED	**AUDITED**
Loan portfolio		373,800,150	336,452,085
Provision for credit loss	12.1.	(1,897,486)	(1,757,343)
Interest receivable on loans to customers		3,490,474	3,255,362
Provision for overdue interest receivable on loans from customers		(198,744)	(79,522)
Unamortised processing fee		(2,373,131)	(1,842,914)
Loan portfolio on-book BC portfolio (ASAI India)		2,230,558	7,158,849
Provision for credit loss on-book BC portfolio (ASAI India)	12.2	(162,241)	(58,578)
Net loan portfolio		**374,889,580**	**343,127,939**

Interest receivable on loans to customers is realisable in line with the loan repayment schedules.

12.1. **Provision for credit loss**

	Notes	For the six months ended 30 June 2019	2018
		USD UNAUDITED	USD AUDITED
Balance as at beginning of the period		1,757,343	1,210,439
Impact of adopting IFRS 9		-	339,136
Adjusted balance as at beginning of the period		**1,757,343**	**1,549,575**
Credit loss expense	7.	398,321	1,233,284
Exchange rate differences		(38,245)	(194,076)
Write-off of loans		(219,933)	(831,440)
Provision for credit loss at end of the period		**1,897,486**	**1,757,343**

12.2. **Provision for credit loss on-book BC portfolio**

	Notes	For the six months ended 30 June 2019	2018
		USD UNAUDITED	USD AUDITED
Balance as at beginning of the period		58,578	110,655
Impact of adopting IFRS 9		-	51,903
Adjusted balance as at beginning of the period		**58,578**	**162,558**
Credit loss expense	7.	100,476	(87,608)
Exchange rate differences		3,187	(16,372)
Provision for credit loss at end of the period		**162,241**	**58,578**

13. DUE FROM BANKS

	Notes	30-06-2019	31-12-2018
		USD UNAUDITED	USD AUDITED
Due from banks		18,861,879	17,487,649
Escrow bank account at Citi Bank		20,308,322	20,137,921
		39,170,201	**37,625,570**

14. PROPERTY AND EQUIPMENT

Property and equipment consists of land and buildings, office furniture, equipment and software. Depreciation policies are described in detail in the accounting policies. The movements are as follows.

	For the six months ended 30 June									
	2019	2019	2019	2019	2019	2018	2018	2018	2018	2018
	Furniture & fixtures	Vehicles	Office equipment including IT	Buildings	Total	Furniture & fixtures	Vehicles	Office equipment including IT	Buildings	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Cost at the beginning of the period	1,502,639	334,976	6,305,721	934,659	9,077,995	1,219,109	328,740	5,156,120	894,077	7,598,046
Accumulated depreciation at the beginning of the period	(925,347)	(237,531)	(3,334,475)	(74,965)	(4,572,318)	(790,567)	(215,350)	(2,653,336)	(56,596)	(3,715,849)
Carrying value at the beginning of the period	**577,292**	**97,445**	**2,971,246**	**859,694**	**4,505,677**	**428,542**	**113,390**	**2,502,784**	**837,481**	**3,882,197**
Additions during the period at cost	176,283	319	1,038,582	-	1,215,184	383,434	48,947	1,604,116	85,955	2,122,452
Foreign currency adjustment	(14,172)	(9,873)	(217,075)	23,470	(217,650)	(99,904)	(32,836)	(464,270)	(45,373)	(642,383)
Disposal during the period	-	(6,252)	-	-	(6,252)	-	(9,875)	9,755	-	(120)
Depreciation and impairment during the period	(112,842)	(24,621)	(743,076)	(11,012)	(891,551)	(209,830)	(59,577)	(1,132,321)	(21,063)	(1,422,791)
Adjustment of depreciation for disposals	12,424	7,941	97,332	-	117,697	12,941	12,485	256,787	-	282,213
Foreign currency differences	10,130	8,297	118,530	(2,085)	134,872	62,109	24,911	194,395	2,694	284,109
Carrying value at the end of the period	**649,115**	**73,256**	**3,265,539**	**870,067**	**4,857,977**	**577,292**	**97,445**	**2,971,246**	**859,694**	**4,505,677**
Cost at the end of the period	1,664,750	319,170	7,127,228	958,129	10,069,277	1,502,639	334,976	6,305,721	934,659	9,077,995
Accumulated depreciation at the end of the period	(1,015,635)	(245,914)	(3,861,689)	(88,062)	(5,211,300)	(925,347)	(237,531)	(3,334,475)	(74,965)	(4,572,318)
Carrying value at the end of the period	**649,115**	**73,256**	**3,265,539**	**870,067**	**4,857,977**	**577,292**	**97,445**	**2,971,246**	**859,694**	**4,505,677**

15. RIGHT-OF-USE ASSETS

	Notes	For the six months ended 30 June 2019 USD UNAUDITED	2018 USD AUDITED
Right-of-use assets at the beginning of the period	2.2	5,553,290	-
Additions during the period		1,494,259	-
Depreciation during the period		(1,839,536)	-
Exchange rate differences		352,606	-
		5,560,619	**-**

16. OTHER ASSETS

The other assets comprise of the following:

	Notes	30-06-2019 USD UNAUDITED	31-12-2018 USD AUDITED
Receivables from related parties	16.1.	926,913	466,711
Prepayments		1,662,567	3,340,703
Employee advances		1,601,699	1,322,684
Advance income tax		1,823,446	1,865,955
Security deposit		93,164	92,417
Fair value of forward contracts	33.	4,621,291	2,312,647
Receivables under on-book and off-book BC model (ASAI India)		1,537,146	703,564
Other		2,316,718	1,349,509
Interest receivable on due from banks		596,484	535,086
		15,179,428	**11,989,276**

Prepayments and employee advances are in line with security against housing contracts, funding agreements and employee receivables. Advance income tax will be set off against current tax payable after completion of the tax assessment. The fair value hierarchy of forward contracts is considered as level 2.

16.1. Receivables from related parties

	30-06-2019 USD UNAUDITED	31-12-2018 USD AUDITED
Receivable from CMI by ASAI NV	172,675	238,344
Receivable from ASA by ASAIH	-	3,231
Receivable from Continuity EBT by ASAIH	13,690	-
Receivable from ASA Social Services Ltd by ASAIH	10,745	-
Receivable from Sequoia by ASAIH	-	57,679
Receivable from MBA by ASAIH	628,693	71,144
Receivable from ASAICH by ASAIH	101,110	-
Receivable from CMIIH by ASAIH	-	96,313
	926,913	**466,711**

The receivables from related parties are short term in nature and do not accrue interest.

17. ISSUED CAPITAL

	For the six months ended 30 June 2019 USD UNAUDITED	2018 USD AUDITED
ASA International Group plc 100m shares of GBP 0.01 each	1,310,000	1,310,000
	1,310,000	**1,310,000**
Movements in issued capital		
Capital at the beginning of the period	1,310,000	36,273,490
Issue of capital	-	94,726,510
Capital reduction	-	(129,690,000)
Capital at the end of the period	**1,310,000**	**1,310,000**

18. RETAINED EARNINGS

Total retained earnings are calculated as follows:

	Notes	For the six months ended 30 June 2019	2018
		USD	USD
		UNAUDITED	AUDITED
Balance beginning of the period		121,316,849	71,321,318
Impact of adopting IFRS 9, net of tax		-	(263,381)
Adjusted balance beginning of the period		**121,316,849**	**71,057,937**
Actuarial gains and losses on defined benefit liabilities		-	(181,473)
Movement in hedge accounting reserve	33.	146,963	(120,285)
Gain on revaluation of MFX investment		12,581	38,786
Others		1,093	280,314
Dividend declared		(7,300,000)	(8,700,000)
Capital reduction		-	34,963,490
Result for the period		15,911,654	23,978,080
Balance end of the period		**130,089,140**	**121,316,849**
Profit for the period			
Attributable to equity holders of the parent		15,911,654	23,978,080
Non-controlling interest		221,466	475,468
		16,133,120	**24,453,548**

Part of retained earnings relates to NGOs which are consolidated in these financial statements. The retained earnings of these NGOs cannot be distributed to their respective members. Retained earnings relating to NGOs amounted to USD 15,718,614 at 30 June 2019 (2018: USD 14,746,610).

ASA S&L, ASAI India and ASHA Nigeria have statutory requirements to add a percentage of the net profits to a legal reserve. Therefore part of retained earnings cannot be distributed to shareholders. Retained earnings relating to these legal reserves amounted to USD 11,088,109 in June 2019 (2018: USD 9,872,828).

The dividend was declared on 16th April 2019.

19. FOREIGN CURRENCY TRANSLATION RESERVE

The translation of the Company's subsidiaries and overseas branches from local currency into the Company's presentation currency (USD) results in the following currency translation differences:

	For the six months ended 30 June 2019	2018
	USD	USD
	UNAUDITED	AUDITED
Balance at 1 January	(36,249,485)	(25,831,373)
Translation of assets and liabilities of subsidiaries to USD	(4,556,249)	(10,418,112)
Balance at the end of period	**(40,805,734)**	**(36,249,485)**

20. DEBT ISSUED AND OTHER BORROWED FUNDS

	Notes	30-06-2019	31-12-2018
		USD	USD
		UNAUDITED	AUDITED
Debt issued and other borrowed funds by Group subsidiaries		239,592,974	219,303,331
Loan from Bill & Melinda Gates Foundation (ASAIH)		20,000,000	20,000,000
Participation agreements Blue Orchard-managed funds (ASAIH)		3,500,000	3,500,000
Loan from Symbiotics-managed funds (ASAIH)		5,000,000	5,000,000
Loan from Oikocredit (ASAIH)		10,000,002	7,333,333
Loan from Incofin CVBA (ASAIH)		-	2,000,000
Loan from OPIC (ASAIH)		20,000,000	20,000,000
Interest payable on third party loans		4,198,273	2,945,534
		302,291,249	**280,082,198**

Details are available in the 2018 year end financials available on the Group's website at http://asa-international.com.

21. DUE TO CUSTOMERS

Clients of the Company's subsidiaries contribute to a "security deposit fund". These deposits can be withdrawn partly by clients but not in full amount unless the client has fully repaid the outstanding loan balance.

	30-06-2019	31-12-2018
	USD	USD
	UNAUDITED	AUDITED
Clients security deposits	57,616,328	52,183,131
Clients voluntary savings	11,778,265	11,761,164
Interest payable on deposits and savings	513,169	41,678
	69,907,762	**63,985,973**

Clients can withdraw their deposits in excess of the respective loan balances. The rate of interest on deposits is subject to 8% in Ghana and 7% in Nigeria (customer's savings). In ASA Myanmar the interest on voluntary savings are 10% and compulsory savings are 15%.

22. LEASE LIABILITY

	For the six months ended 30 June 2019 UNAUDITED	2018 AUDITED
Balance as at beginning of period	3,723,124	-
Interest expense of lease liability	179,631	-
Additions of lease liabilities during the period	1,751,234	-
Payment of lease liabilities	(1,741,936)	-
Exchange rate differences	86,205	-
Balance as at end of period	**3,998,258**	**-**

23. OTHER LIABILITIES

Other liabilities are as follows:

	Notes	30-06-2019 USD UNAUDITED	31-12-2018 USD AUDITED
Security deposits		1,340,694	1,217,904
Other deposits		752,146	588,139
Deferred income		360,031	274,163
Accrued expenses		3,592,645	1,046,589
Accrued audit fees		552,047	846,975
Taxes payable, other than corporate income tax		1,593,979	2,146,451
Amount due to employees		2,018,656	1,295,157
Amount due to related parties		6,293,522	1,327,927
Liability to CMI regarding Escrow Account at Citi Bank		20,308,322	20,137,921
Liabilities under on-book and off-book BC model (ASAI India)		771,655	701,830
Fair value of forward contracts		545,786	-
Other liabilities		2,326,795	899,542
		40,456,278	**30,482,598**

Security deposits mainly relate to deposits taken from employees as a form of security. Other deposits relate to various smaller deposits in different countries. Deferred income mainly relates to liability for Death and Multipurpose Risk Funds. Other liabilities include various smaller accruals and provisions for various entities in the Company. The fair value of forward contracts has been classified as level 2.

24. **PROVISIONS**

The movement in provisions during 2019 and 2018 is as follows:

	Provision for VAT (PPFCI)	Provision for financial guarantees under off-book BC model (ASAI India)	Provision for service tax (ASAI India)	Total
	USD	USD	USD	USD
At 1 January 2018	**875,889**	**1,144**	**340,884**	**1,217,917**
Arising during the year	-	6,525	-	**6,525**
FX difference	(42,751)	(204)	(28,077)	(71,032)
At 31 December 2018	**833,138**	**7,465**	**312,807**	**1,153,410**
At 1 January 2019 (unaudited)	**833,138**	**7,465**	**312,807**	**1,153,410**
Arising during the year	39,895	4,380	21,069	**65,344**
Utilised	(873,033)	-	-	**(873,033)**
FX difference	-	126	2,800	2,926
At 30 June 2019 (unaudited)	**-**	**11,971**	**336,676**	**348,647**

The liability regarding VAT (PPFC) has been paid in 2019.

25. ADDITIONAL CASH FLOW INFORMATION

	For the six months ended 30 June 2019 USD UNAUDITED	 2018 USD UNAUDITED
25.1. **Changes in operating assets**		
Loans and advances to customers	(43,452,883)	(39,597,531)
Movement in due from banks	(1,308,897)	(4,827,008)
Movement in restricted cash	(1,907,396)	(90,715)
Other assets excluding income tax advances	(3,413,635)	(2,475,562)
	(50,082,811)	**(46,990,816)**

		For the six months ended 30 June	
		2019	**2018**
		USD	**USD**
		UNAUDITED	**UNAUDITED**
25.2.	**Changes in operating liabilities**		
	Due to customers	4,104,660	7,135,502
	Other liabilities	5,206,942	7,616,590
	Movement in provisions	(804,763)	(6,525)
		8,506,839	**14,745,567**

		For the six months ended 30 June	
		2019	**2018**
		USD	**USD**
		UNAUDITED	**UNAUDITED**
25.3.	**Non-cash items included in the statement of comprehensive income**		
	Depreciation on		
	-Property and equipment	891,551	682,027
	-Right of Use Assets	1,839,536	-
	Interest expense on lease liability	179,631	-
	Credit loss expense	396,034	458,822
	Amortisation of hedging cost	1,291,162	1,092,658
	Impact of IFRS 9 implementation	-	(263,394)
	Impairment loss	579,057	-
	Writeoff of loans	219,933	281,036
	Defined benefit liability	996,703	377,999
	Foreign exchange result	270,910	(2,874,033)
		6,664,517	**(244,885)**

		For the six months ended 30 June	
		2019	**2018**
		USD	**USD**
		UNAUDITED	**UNAUDITED**
25.4.	**Reconciliation of cash and cash equivalents**		
	Cash and cash equivalents as per cash flow	58,215,026	79,225,331
	Impairment provided for GN bank, Ghana	(650,275)	-
	Restricted cash for Loan Collateral Build Up ("LCBU") in PPFCI	17,154,888	13,289,089
	Cash at bank and in hand as of 30th June as per balance sheet	**74,719,639**	**92,514,420**

26. RISK MANAGEMENT

26.1 General

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to certain risk limits and other controls as described in the paragraphs below. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is, amongst others, exposed to operational risk, financial risk, legal and compliance risk, and strategic risks.

The independent risk control process does not include business risks such as changes in demand, technology and industry. These changes are monitored through the Company's strategic planning process.

26.2 Risk Management Structure

The Company's risk management principles allow it to balance its risk and reward effectively by aligning its risk appetite with its business strategy. The Company's risk management framework is based on its three lines of defense model, which has been adopted at both the Company level and at each of the Company's microfinance institutions. The Company's objectives in using the three lines of defense model include: identifying risk areas and minimising loss; protecting its clients by minimising financial risk; protecting the interests of its shareholders and investors; preserving its branches, data, records and physical assets; maintaining its business and operational structure; enforcing a standard operational procedure for managing risk; and providing guidelines in line with internationally accepted risk management principles. The first line of defense is the team, person or department that is responsible for executing particular tasks/activities, as well as for mitigating any related risks. The second line of defense is comprised of management of the respective departments and personnel that oversee the first line of defense and provide expertise in risk management to help develop strategies, policies and procedures to mitigate risks and implement risk control measures. The third line of defense is the Internal Audit department, which evaluates and improves the effectiveness of the risk management, control and governance processes through independent verification of risk control measures. The Internal Audit department is based in the country head office of each of the Company's microfinance institutions and audits each branch twice a year.

The Company's risk management philosophy is to promote a comprehensive risk management strategy to maintain a sustainable financial institution. This strategy is achieved by adapting an integrated approach to risk management where clear communication and consensus establish the foundation of the Company's risk management philosophy. To ensure that the Company's philosophy is implemented across its various departments, there is a clear segregation of duties between operational and risk management functions in the country head office of each of the Company's microfinance institutions as well as at the Company level.

The Company's risk culture is based on its values, beliefs, knowledge, attitudes and understanding of risk across its various countries. The Company assesses its risk culture by identifying and evaluating its quantifiable and non-quantifiable risks. The Company's risk management principles allow it to effectively balance its risk and reward by aligning its risk appetite with its business strategy.

The Group's key risk management areas are operational risk, financial risk, legal and compliance risk and strategic risk.

26. RISK MANAGEMENT (Continued)

Risk category	Definition	Risks	Description
Operational	The risk of loss resulting from inadequate or failed internal processes, human behaviour and systems from external events	*Growth risk*	All risk and challenges associated in the Group's operational expansion
		Fraud and integrity	Fraud and misappropriation
		Information and technology	Maintenance of effective technology and security of systems
		Human resources	Likelihood of negative results due to a failure within its human resource department
		Transaction risk	Human or system errors with in the Group's daily product delivery and services
		Social and environmental risk	Global and regional economic conditions and natural disasters
		Risks related to the disclosure of confidential or sensitive information	Loss or theft of confidential or sensitive information
Financial	The Group experiences financial risks such as credit risk, liquidity risk, exchange rate/currency risk and interest rate. The Group encounters impacts on the Group's earnings.	*Credit risk*	Risk that the Group will incur a loss because its clients or counterparties fail to discharge their contractual obligations
		Interest rate risk	Risk that the Group's profitability or result of operations will be affected by fluctuations in interest rates
		Liquidity risk	Risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances
		Exchange rate/currency risk	Possibility of financial loss to the Group arising from adverse movements in foreign exchange rates
Legal (regulatory) and Compliance	Financial and other losses the Group may suffer as a result of regulatory changes or failure to comply with applicable laws and regulations.	*Regulatory: changes in local regulations and including political risks*	Anticipating and responding to changes in laws or regulations and political changes
		Legal and compliance	Compliance with applicable laws and regulations
		Interest rate caps	Anticipating and responding to change limits on (i) the amount of interest or fees charged to customers, or (ii) our net interest margin
		Foreign ownership	Risks associated with foreign ownership or shareholder concentration restrictions
		Legal uncertainty	Anticipating and responding to lack of legal certainty in some jurisdictions. Risk inherent to investing in emerging markets, including nationalisation, expropriation or confiscatory taxation, and political instability
Strategic	Current or prospective risk to earnings and capital arising from changes in the	*Competition risk*	
		Reputational risk	Risk to earnings or capital arising from negative public opinion

26.3 Operational Risk

Operational risks can be substantial where small amounts of cash are distributed to, and collected from, a large group of clients through extensive branch networks. Examples of certain operational risks include fraud or misappropriation, and other operational and managerial errors and/or omissions as well as information technology risk, human resources risk, and social and environmental risk. The Company requires its subsidiaries and associates to develop and implement prudent systems to substantially mitigate operational risk, including proper control measures, sufficient and qualified management staff, and proactive corporate governance. By means of proactive measures and frequent monitoring, which is part of the standardised operational procedures adopted by all MFIs,

26. RISK MANAGEMENT (Continued)

26.3 Operational Risk (continued)

Information and technology risk
Information and technology risk are not uncommon in microfinance institutions. The Group regularly analyses risks that arise from password hacking or sharing, changes in its data and varying roles of its users. To mitigate its potential information and technology risks, the Group ensures that its staff have appropriate technical support and computer skills. Furthermore, the Group has implemented disaster management strategies and ensures that it has data security policies in place.

Human resource risk
Human resource risk is the likelihood that an organisation would experience negative results due to a failure within its human resource department. This may occur due to lack of proper recruitment techniques or training or low staff retention rates. The Group evaluates its human resource risk by observing the availability of skilled staff within its compensation bands as well as compliance and regulatory issues that impact staff, including visas or work employment permits needed for its expatriate staff and the impact of its health and safety policies.

Social and environmental risk
Social and environmental risk may be caused by the Group itself, by its clients or because of natural disasters. The Group monitors and evaluates its social and environmental risk by assessing each microfinance institution's natural environment, each target client's business sector and the number of clients involved in businesses that may lead to harmful impacts on the environment. The Group generates reports on any social and environmental policy violations and the number of client and staff complaints it receives and resolves. Furthermore, the Group evaluates the number of branches located in zones or areas prone to natural disasters and keeps track of the proportion of loans classified as more than 30 days overdue within those zones or areas.

The Group requires its microfinance institutions to develop and implement prudent systems to substantially mitigate operational risk, including proper control measures, sufficient and qualified management staff, and proactive corporate governance. By means of proactive measures and frequent monitoring, which is part of the standardised operational procedures adopted by all the Group's microfinance institutions, risks can be identified and controlled at an early stage.

Proven microfinance methodology
The microfinance model followed by the Company is based on several core principles: (i) standardised loan products (ii) basic voluntary deposit services, (iii) effective and rigid procedures for cost-effective delivery of microcredit and limited deposit services, and (iv) zero-tolerance on the late repayment of loan instalments. Each of the microfinance operating entities owned and/or controlled by the Company, have adopted and implemented an internal operational manual. The operational manuals set forth the principles and guidelines for managing the microfinance portfolios in the various countries. It contains detailed procedures regarding the credit methodologies and operating procedures.

These procedures that are largely similar for all MFIs lending to microentrepreneurs, have the following features including but not limited to:
- Lending predominantly to low-income, female micro-entrepreneurs.
- Group selection without joint liability.
- Loans granted exclusively for income generating activities.
- Full repayment via instalments before eligibility for new loan.
- No incentive or bonus payments for operating staff.
- Frequent client interactions through weekly collections.
- Ongoing assessment of client needs, benefits and satisfaction.
- Repeat loan cycles with set limits.
- Low ticket size.
- Standardised credit approval lending procedures, and standardised internal monitoring and audit procedure.

26. RISK MANAGEMENT (Continued)

26.3 Operational Risk (continued)

The principles and procedures described above are based on the credit methodologies and operating procedures that are part of the ASA Model of microfinance.

General risk mitigation
Risk concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. In order to avoid excessive concentrations of risk, the Company is focused on maintaining a diversified loan portfolio, by means of operating in different geographic areas (also within each country). Identified concentrations of credit risks are controlled and managed locally according to the operational procedures above. The Company does not, in principle, use collateral nor guarantees, to reduce its credit risks (apart from the client security deposit where permitted).

26.4 Financial Risk

26.4.1 Credit Risk

Credit risk is the risk that the Company will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Company manages and controls credit risk by adhering strictly to the operating procedures set forth in the operational manual which includes setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical concentrations, and by monitoring exposures in relation to such limits.

Maximum exposure to credit risk
The maximum credit exposure is equal to the carrying amounts of the financial instruments on the Company's statement of financial position. As mentioned above, the Company reduces its concentration risk by ensuring a widely diverse portfolio, distributed amongst various countries and continents. At present the Company invests in West Africa, East Africa, South Asia and South East Asia.

	30 June 2019	31 December 2018
	USD	USD
Cash and cash equivalents (excluding cash in hand)	74,303,920	72,769,662
Loans and advances to customers	374,889,580	343,127,939
Client security deposits	(57,616,328)	(52,183,131)
Off-book BC model portfolio	2,276,104	1,833,638
Due from banks	39,170,201	37,625,570
Other assets	11,693,415	6,782,618
Maximum credit exposure	**444,716,892**	**409,956,296**

Clients security deposits are cash collateral and are presented as part of Due from customers in the statement of financial position. These security deposits are considered as collateral for the loans to customers and therefore reduce the credit risk on these loans.

26. RISK MANAGEMENT (Continued)

26.4 Financial Risk (continued)

26.4.1 Credit Risk (continued)

Geographic distribution of maximum credit exposure as at 30 June 2019.

	Cash and cash equivalent (excluding cash in hand)	Loans and advances to clients	Client security deposits	Due from banks	Other assets	Off-book BC model portfolio	Total
	USD	USD	USD	USD	USD	USD	USD
West Africa	6,564,200	70,080,520	(25,076,452)	4,023,622	647,015	-	56,238,905
East Africa	8,007,658	40,433,479	(11,380,030)	390,855	161,439	-	37,613,401
South Asia	19,013,585	190,387,618	(1,197,911)	14,447,402	8,452,321	2,276,104	233,379,119
South East Asia	31,195,142	73,987,962	(19,961,935)	-	1,974,365	-	87,195,534
Non-operating entities	9,523,335	-	-	20,308,322	458,275	-	30,289,932
Maximum credit exposure	**74,303,920**	**374,889,579**	**(57,616,328)**	**39,170,201**	**11,693,415**	**2,276,104**	**444,716,891**

Geographic distribution of maximum credit exposure as at 31 December 2018.

	Cash and cash equivalent (excluding cash in hand)	Loans and advances to clients	Client security deposits	Due from banks	Other assets	Off-book BC model portfolio	Total
	USD	USD	USD	USD	USD	USD	USD
West Africa	7,358,975	72,043,296	(25,337,046)	6,561,479	510,146	-	61,136,850
East Africa	4,454,621	32,572,232	(9,677,475)	134,567	123,216	-	27,607,161
South Asia	17,553,913	175,493,547	(31,589)	10,791,603	4,356,971	1,833,638	209,998,083
South East Asia	27,864,926	63,018,864	(17,137,021)	-	1,367,935	-	75,114,704
Non-operating entities	15,537,227	-	-	20,137,921	424,350	-	36,099,498
Maximum credit exposure	**72,769,662**	**343,127,939**	**(52,183,131)**	**37,625,570**	**6,782,618**	**1,833,638**	**409,956,296**

The Company provides direct lending to customers through the MFIs (owned and controlled by it). In addition, the Company accepts savings in the countries where it has a deposit taking license.

				Total direct lending/IFRS 9 stages						
				Stage 1		Stage 2	Stage 3			
	Due from banks*	Total direct lending	Total lending	Neither passed due nor impaired	<30 overdue	30<90	90<180	>180	Provision	% provision of portfolio
	USD	USD	USD	USD	USD	USD	USD	USD	USD	
West Africa	4,023,622	70,281,438	74,305,060	69,253,886	113,368	221,764	330,208	362,212	370,941	0.53%
East Africa	390,855	41,129,539	41,520,394	40,861,114	32,247	53,877	68,141	114,160	22,382	0.05%
South Asia	14,447,402	191,231,906	205,679,308	188,224,487	523,604	744,371	594,664	1,144,780	1,272,167	0.67%
South East Asia	-	73,387,825	73,387,825	72,567,929	115,330	308,892	145,062	250,612	394,237	0.54%
Non-operating entities	20,308,322	-	20,308,322	-	-	-	-	-	-	0.00%
Total	**39,170,201**	**376,030,708**	**415,200,909**	**370,907,416**	**784,549**	**1,328,904**	**1,138,075**	**1,871,764**	**2,059,727**	**0.55%**

* Due from banks are neither passed due nor impaired

26. RISK MANAGEMENT (Continued)

26.4 Financial Risk (continued)

26.4.1 Credit Risk (continued)

Credit risk from lending as at 31 December 2018

				Total direct lending/IFRS 9 stages						
				Stage 1		Stage 2	Stage 3			
	Due from banks*	Total direct lending	Total lending	Neither passed due nor impaired	<30 overdue	30<90	90<180	>180	Provision	% provision of portfolio
	USD	USD	USD	USD	USD	USD	USD	USD	USD	
West Africa	6,561,479	72,074,785	78,636,264	71,515,044	149,877	227,469	84,992	97,403	235,030	0.33%
East Africa	134,567	33,163,918	33,298,485	32,998,402	19,532	25,097	35,241	85,646	123,439	0.37%
South Asia	10,791,603	176,011,261	186,802,864	174,243,657	370,103	393,364	454,509	549,627	1,214,107	0.69%
South East Asia	-	62,360,970	62,360,970	62,010,429	50,568	96,674	100,372	102,927	243,345	0.39%
Non-operating entities	20,137,921	-	20,137,921	-	-	-	-	-	-	0.00%
Total	**37,625,570**	**343,610,934**	**381,236,504**	**340,767,532**	**590,080**	**742,604**	**675,114**	**835,603**	**1,815,921**	**0.53%**

* Due from banks are neither passed due nor impaired

26.4.2 Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stress circumstances. The main credit obligations of the Company include the subordinated USD 20 million loan from the Gates Foundation which is due for repayment at the earlier of a) the date CMI distributes the IPO or sale proceeds to its investors and is wound up, or b) 31 December 2019. In addition, the Company drew from various sources a combined total of USD 3.5 million from two debt funds managed by Blue Orchard, USD 5 million loan in total by Symbiotics-managed funds, USD 10 million from Oikocredit and USD 20 million from OPIC. Most subsidiaries of ASAI are now able to attract third party funding and various local currency and USD loans are in place.

Liquidity management is evaluated at the microfinance institution level and on a consolidated Group basis. Each of the Group's microfinance institutions are required to meet the financial obligations of its internal and external stakeholders. Failure to manage liquidity risks may cause the Group to lose business, miss opportunities for growth, or experience legal or reputational consequences. To mitigate its liquidity management risk, the Group has established liquidity management policies, published in its operation manual, finance manual and its treasury manual.

The Company is confident it will be able to meet the payment obligations under the aforementioned loans for various reasons, including but not limited to:

- The main class of assets are loans to customers. Due to the nature of the microfinance business the Company is engaged in these loans to customers have short-term maturities, hence the Company is in a position to generate a constant stream of cash inflows. The Company is in the position to accumulate sufficient funds to cover its obligations, although this may entail limitations on new loan disbursements.
- As at 30 June 2019 the Company had a cash balance of USD 74,719,639 (2018: USD 72,945,586).
- The Company and its subsidiaries are in discussions with various debt funders at Holding level and in the local markets about additional loan facilities. Overall debt funders are positive to fund the Company's operations.
- The Company is able to fund its operations and budgeted growth of its loan portfolio from new loan facilities supplied by third parties, security collateral and/or savings provided by its clients, and internally generated cash flows.

26. RISK MANAGEMENT (Continued)

26.4 Financial Risk (continued)

26.4.2 Liquidity Risk (continued)

The table below shows an analysis of liabilities analysed according to when they are expected to be recovered or to settled.

Liabilities H1 2019	On demand	<3 months	3-12 months	**Sub-total 1-12 months**	1-5 years	Over 5 years	**Sub-total >12 months**	No fixed maturity	**Total**
Debt issued and other borrowed funds	2,703	20,549,564	149,578,632	**170,130,899**	128,382,161	3,778,189	**132,160,350**	-	**302,291,249**
Due to customers	12,311,601	21,247,410	36,157,176	**69,716,187**	191,576	-	**191,576**	-	**69,907,763**
Retirement benefit liability	-	-	-	**-**	-	-	**-**	2,321,634	**2,321,634**
Current tax liability	-	-	5,303,818	**5,303,818**	-	-	**-**	-	**5,303,818**
Deferred tax liability	-	-	267,306	**267,306**	-	-	**-**	-	**267,306**
Lease liability	-	-	-	**-**	3,998,258	-	**3,998,258**	-	**3,998,258**
Other liabilities	2,686,397	5,613,372	11,630,649	**19,930,418**	52,257	29,004	**81,261**	20,444,600	**40,456,279**
Provisions	-	-	348,647	**348,647**	-	-	**-**	-	**348,647**
	15,000,701	**47,410,346**	**203,286,228**	**265,697,275**	**132,624,252**	**3,807,193**	**136,431,445**	**22,766,234**	**424,894,954**

Liabilities FY 2018	On demand	<3 months	3-12 months	**Sub-total 1-12 months**	1-5 years	Over 5 years	**Sub-total >12 months**	No fixed maturity	**Total**
Debt issued and other borrowed funds	11,854,386	19,565,099	131,560,819	**162,980,304**	111,089,237	3,596,976	**114,686,213**	2,415,681	**280,082,198**
Due to customers	4,020,933	39,434,811	20,530,229	**63,985,973**	-	-	**-**	-	**63,985,973**
Retirement benefit liability	-	-	-	**-**	-	-	**-**	1,469,468	**1,469,468**
Current tax liability	-	-	7,263,468	**7,263,468**	-	-	**-**	-	**7,263,468**
Deferred tax liability	-	-	69,113	**69,113**	-	-	**-**	-	**69,113**
Lease liability	-	-	-	**-**	-	-	**-**	-	**-**
Other liabilities	2,100,845	884,523	7,122,806	**10,108,174**	130,034	-	**130,034**	20,244,390	**30,482,598**
Provisions	-	-	1,153,410	**1,153,410**	-	-	**-**	-	**1,153,410**
	17,976,164	**59,884,433**	**167,699,845**	**245,560,442**	**111,219,271**	**3,596,976**	**114,816,247**	**24,129,539**	**384,506,228**

26. RISK MANAGEMENT (Continued)

26.4 Financial Risk (continued)

26.4.2 Liquidity Risk (continued)

Changes in liabilities arising from financing activities in 2019.

HY 2019	1 January 2019	Cash flows	Non cash movement	Foreign exchange movement	30 June 2019
	USD	USD		USD	USD
Debt issued and borrowed funds	280,082,198	28,691,716	-	(6,482,665)	302,291,249
Lease Liabilities	3,723,124	(1,741,936)	1,930,865	86,205	3,998,258
Total liabilities from financing activities	**283,805,322**	**26,949,780**	**1,930,865**	**(6,396,460)**	**306,289,507**

Changes in liabilities arising from financing activities in 2018.

FY 2018	1 January 2018	Cash flows	Foreign exchange movement	31 December 2018
	USD	USD	USD	USD
Debt issued and borrowed funds	270,464,195	36,720,662	(27,102,659)	280,082,198
Total liabilities from financing activities	**270,464,195**	**36,720,662**	**(27,102,659)**	**280,082,198**

26.4.3 Interest Rate/Risk

Interest rate risk is the risk that profitability is affected by fluctuations in interest rates. The greatest interest rate risk the Company experiences occurs when the cost of funds increases faster than the Company can or is willing to adjust its lending rates. The Company’s strategy in evaluating and managing its interest rate risk is to consider any risk at the pre-investment stage, to conduct a cost of funds analysis and to consider interest rates in particular, where there is a limit on the amount of interest it may charge, such as in India and Myanmar.

The credit methodology of the MFIs determines that loans to microfinance clients have short-term maturities of less than one year and at fixed interest rates. Third party loans to MFIs, sourced from both local and international financial institutions, mostly have relative short-terms between one and three years. 24% of the consolidated debt has variable interest rates. Depending on the extent of the exposure and hedging possibilities with regard to availability of hedging instrument and related pricing, the Company might actively hedge its positions to safeguard the Company's profits and to reduce the volatility of interest rates by using forwards, futures and interest rate swaps. The very short tenor of the loans provided to microfinance dampens the effect of interest rate fluctuations. Management considers that the impact of changes in interest rates has no material impact.

26.4.4 Exchange rate/Currency Risk

Currency risk is the possibility of financial loss to the Company arising from adverse movements in foreign exchange rates. Currency risk is a substantial risk for the Company, as most loans to MFIs and borrowers are in local currency in countries where currencies depreciation against the USD is often considered less predictable. At present the Company manages currency risk mainly through natural hedging, i.e. by matching the MFI’s local currency assets consisting of the MFI’s loan portfolio with local currency liabilities, i.e. by attracting debt fund denominated in local currency. The Company’s risk policy allows the Group treasurer the possibility of hedging with instruments such as swaps and forward contracts if and when appropriate. In order to mitigate the foreign exchange risk on USD loans, ASA Pakistan, PPFCI, ASA Myanmar and ASA Tanzania entered into forward agreements during 2017, 2018 and 2019. The Company applies hedge accounting to the USD loans and related forward contracts. Reference is made to note 33.

26. RISK MANAGEMENT (Continued)

26.4 Financial Risk (continued)

26.4.4 Exchange rate/Currency Risk (continued)

While the Company faces significant translation exposure on its equity investments in local MFIs (as the functional currency of the Company is USD), the policy is not to hedge equity investments since the currency translation gain and loss on the latter do not affect the net profit of the Company.

In summary, the Company takes a number of measures to manage its foreign currency exposure:
- Investments are only made in countries that show a reasonable level of macroeconomic stability. A detailed macroeconomic and socio-political assessment is carried out before the Company decides to invest in a certain country.
- The Company endeavours to procure its MFIs secure local currency loans (instead of foreign currency loans) to the extent possible or deemed commercially advantageous.

Simulation: Foreign currency translation reserve

	FX translation reserve Actual	FX translation reserve after - 10% rate	Movement	FX translation reserve Actual	FX translation reserve after - 10% rate	Movement
	30 June 2019	30 June 2019	30 June 2019	31 December 2018	31 December 2018	31 December 2018
	USD	USD	USD	USD	USD	USD
West Africa	(20,043,236)	(22,836,739)	(2,793,503)	(18,592,807)	(21,374,561)	(2,781,754)
East Africa	(831,145)	(1,927,798)	(1,096,653)	(735,727)	(1,549,483)	(813,756)
South Asia	(17,200,585)	(22,181,208)	(4,980,623)	(14,301,552)	(19,430,480)	(5,128,928)
South East Asia	(2,350,494)	(3,803,728)	(1,453,234)	(2,677,591)	(4,073,321)	(1,395,731)
Non-operating entities	(380,274)	(381,614)	(1,340)	58,192	40,955	(17,237)
Total	**(40,805,734)**	**(51,131,087)**	**(10,325,353)**	**(36,249,485)**	**(46,386,890)**	**(10,137,406)**

Analysis of the actual exchange rate fluctuations against the USD for the period 2010-2018 shows different trends for the seven main currencies. The annual fluctuations are between 0% and 39%, but most moved within -5%. For the simulation of foreign currency effects the Company has therefore assumed a maximum 10% movement year on year in these currencies as compared to USD.

The following overview shows the actual foreign currency exchange results by country for 2019 as well as the simulation of the impact of a 10% downward movement of the FX rates on the foreign exchange results.

As at 30 June 2019 a 10% downward movement of FX rates against the USD has a negative impact on the foreign currency exchange result of USD (34,325) (2018: USD (905,812)). The lower impact on the result of the Company results from the new forward contracts in 2018 to mitigate this risk.

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	Foreign exchange profit and loss actual	Foreign exchange profit and loss after - 10% rate	Movement	Foreign exchange profit and loss actual	Foreign exchange profit and loss after - 10% rate	Movement
	30 June 2019	30 June 2019	30 June 2019	31 December 2018	31 December 2018	31 December 2018
	USD	USD	USD	USD	USD	USD
West Africa	(12,699)	(246,681)	(233,982)	(125,288)	(385,695)	(260,407)
East Africa	(61,510)	(22,620)	38,890	(97,465)	(454,469)	(357,004)
South Asia	(129,693)	(11,878)	117,815	(309,015)	(321,224)	(12,209)
South East Asia	73,910	431,659	357,749	(104,404)	(264,719)	(160,315)
Non-operating entities	(140,918)	(494,605)	(353,687)	(353,367)	(469,244)	(115,877)
Total	**(270,910)**	**(344,125)**	**(73,215)**	**(989,539)**	**(1,895,351)**	**(905,812)**

26. RISK MANAGEMENT (Continued)

26.5 Legal and Compliance Risk

Legal and compliance risks in the countries that the subsidiaries or MFIs are active in will be mitigated through continuous monitoring of regulatory and legal environment, through inter alia tier-one law firms and the local corporate secretaries. In most countries the relevant microfinance subsidiary also maintains direct relationships with the regulator, including central banks. In addition, the Company believes it is, through its local and international network, well positioned to identify any relevant changes in the law that will have a material impact on any of the businesses it invests in. A number of investments in the MFIs are made by ASAI NV in the Netherlands. The Netherlands has entered into an extensive network of Bilateral Investment Treaties that offer compensation in case any of such investments are nationalised or expropriated by a country in which an investment is made. Currently the investments in the Philippines, Sri Lanka, Uganda, Kenya and Ghana are owned by ASAI NV, an indirectly owned but wholly controlled subsidiary of the Company.

Product transparency is also key to the Group’s strategy in mitigating its legal and compliance risk. Because the education and knowledge levels of the Group’s target clients are low, the Group aims to be transparent in its products and prices.

The Group established a Legal and Compliance department headed by the General Counsel. The General Counsel assigns and supervises all legal matters involving the Group. The General Counsel and Head of Compliance establish and maintain an operationally independent Compliance Function at the corporate level led by the Group. Whilst the General Counsel bears overall responsibility for the Compliance Function, the General Counsel has delegated day-to-day responsibility for managing the Compliance Function to the Compliance Officer. The Compliance Officer is responsible for overseeing and implementing the Group compliance framework, including the Group compliance policy (the Compliance Policy). The Compliance Policy sets out the principles and standards for compliance and management of compliance risks in the Group. The Group seeks to reduce compliance risks taking into account the nature, scale and complexity of the business and ensures the policies are in alignment with the Group strategy and its core values. The Compliance Officer was appointed in 2018.

26.6 Strategic Risk

Strategic risk is the current or prospective risk to earnings and capital arising from changes in the business environment and from adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the environment. The Group evaluates its strategic risk by analysing its cost reduction and growth, its liquidity management and its competition and reputational risk.

Competition and reputational risk are frequent in the microfinance industry. The Group defines reputational risk as the risk to earnings or capital arising from negative public opinion. The Group believes that reputational risk may impact its ability to sell products and services or may limit its access to capital or cash funds. To mitigate any competition or reputational risk, the Group evaluates the introduction of highly subsidised competitors, movements in average borrowing rates, and information sharing with different agencies.

27. CONTINGENT LIABILITIES AND COMMITMENTS

The Company agreed certain commitments to BC Partners under the BC model in ASAI India. Reference is made to note 12. Similar commitments were agreed with Reliance, IDBI and MAS Financial Services Ltd in India, and in addition ASAI India issued demand promissory notes and Proswift issued a comfort letter to MAS . On 30 June 2019 irrevocable commitments and contingent liabilities stands at USD 3,595,057 (2018: USD 5,527,569)

28. RELATED PARTY DISCLOSURES

28.1 Key management personnel

When the Company was founded, it was provided access to ASA NGO Bangladesh's know-how (including operation manuals), IT platform and personnel under the Memorandum of Understanding between ASA International and ASA NGO Bangladesh, which was signed on 3 October 2007 ("MOU"). Over the last decade, the Group has developed its own know-how, as well as its proprietary AMBS system and no longer relies on the provisions of the MOU that give it access to ASA NGO Bangladesh's know-how and IT platform. It has also developed a deep pool of experienced personnel, but under the MoU can, from time to time, draw upon the qualified and experienced human resource pool at ASA NGO Bangladesh on a temporary, secondment basis.

In 2017 ASAI Management Services Ltd ("AMSL") was incorporated by the Company in Bangladesh and from 1 April 2018 all activities for the Company by ASA NGO in Dhaka, which were previously charged by ASA NGO to the Company as Technical Assistance fees, have been transferred to AMSL. These activities include the employment of former ASA NGO staff working in the Group head office in Dhaka and Dhaka office rent. AMSL will invoice these activities to the Company. The Dhaka office is managed by a team of seasoned microfinance experts who have previously held senior positions in ASA NGO Bangladesh, and have many years of expertise in managing and supporting microfinance institutions across Asia and Africa. In addition to supervising the performance of the Group's local microfinance institutions, executive management in Dhaka is primarily responsible for finance and accounts, risk management, audit, IT, human resource management, and corporate secretarial functions for the Group. The Amsterdam office, which hosts executive management (including the Chief Executive Officer), provides specialised accounting, finance, legal, corporate and compliance functions along with investment, treasury, (international) tax and funding, as well as the management of business development projects.

Under the MoU, ASA NGO Bangladesh also granted ASAIH a royalty-free license to use the name "ASA" in all markets other than Bangladesh and agreed to make office space available to the Company in ASA NGO Bangladesh's Dhaka headquarters on a cost plus margin basis.

Remuneration directors
During the first half of 2019, the Directors of the Company received total compensation of USD 582,881 (ASAIH 2018: USD 538,045).

Total remuneration to key management personnel of the Company
Total remuneration takes the form of short-term employee benefits. In the first half of 2019, total remuneration amounted to USD 947,936. (ASAIH 2018: USD 1,632,167).

The remuneration for the Non-Executive Chairman Mr. Shafiqual Haque Choudhury and Executive Director and CEO Mr. Dirk Brouwer has not been charged to the ASAIH since inception, as this was paid out of the management fees paid by CMI to its investment manager CMIC until 13 July 2018. As from 13 July 2018 these Directors receive remuneration from the Company.

No retirement benefits are accruing to Directors under defined benefit schemes. The aggregate of emoluments and amounts receivable under incentive schemes of the highest paid Director was USD 212,500.

28.2 Reporting dates of subsidiaries

All of the Company's subsidiaries have reporting dates on 31 December, with the exception of ASAI India, Proswift, Pinoy, Pagasa Consultancy and ASA Myanmar (where the market standard reporting date is 31 March). ASAI India, Proswift, Pinoy, Pagasa Consultancy and ASA Myanmar have provided financial statements for consolidation purposes for the year ended 31 December.

28. RELATED PARTY DISCLOSURES (Continued)

28.3 Subsidiaries

	Country of Incorporation	30 June 2019 Ownership	31 December 2018 Ownership
ASAIH Subsidiaries:			
ASA Consultancy	Ghana	100%	100%
ASAI India	India	72.60%	72.60%
Pagasa Consultancy	India	99%	99%
Pinoy	India	99.99%	99.99%
Proswift Consultancy:	India	99.99%	99.99%
ASAI India	India	17.40%	17.40%
Pag-asa	The Philippines	N/A*	N/A*
PT PAGASA Consultancy	Indonesia	99.99%	99.99%
A1 Nigeria	Nigeria	100%	100%
ASHA Nigeria	Nigeria	99.99%	99.99%
ASIEA	Nigeria	N/A**	N/A**
ASA Pakistan	Pakistan	99.99%	99.99%
ASA Tanzania	Tanzania	99.99%	99.99%
ASA Myanmar	Myanmar	99.99%	99.99%
ASA Zambia	Zambia	99.99%	99.99%
ASA Rwanda	Rwanda	99.99%	99.99%
ASA Sierra Leone	Sierra Leone	99.99%	99.99%
ASAI NV Subsidiaries:	The Netherlands	N/A	N/A
PPFC	The Philippines	100%	100%
ASA Leasing	Sri Lanka	100%	100%
ASA S&L	Ghana	100%	100%
ASA Lanka	Sri Lanka	100%	100%
ASA Kenya	Kenya	99.51%	99.51%
ASA Uganda	Uganda	100%	100%
AMSL	Bangladesh	95%	95%
ASAI I&M	The Netherlands	100%	100%
CMI Lanka***	Sri Lanka	100%	100%
Subsidiary: Lak Jaya	Sri Lanka	97.14%	97.14%

** CMI officials/representatives control the governing body and the Board.*
*** ASAI controls the governing body and the Board (through its officials/representatives).*
**** This refers to the beneficial ownership only. The legal ownership is held by CMI.*

28. RELATED PARTY DISCLOSURES (Continued)

28.4 Relationship Agreement

Relationship agreement with the Controlling Shareholder Group
The Company, CMI, Catalyst Continuity Ltd and Mr. Dirk Brouwer and Mr. Md. Shafiqual Haque Choudhury (CMI, Catalyst Continuity Ltd and Mr. Dirk Brouwer and Mr. Md. Shafiqual Haque Choudhury jointly the “Controlling Shareholders”) have entered into a relationship agreement (the “Relationship Agreement”), the principal purpose of which is to ensure that the Company will be able, at all times, to carry out its business independently of the members of the Controlling Shareholder Group and their respective associates and that all transactions and relationships between the Company and the Controlling Shareholder Group are at arm’s length and on a normal commercial basis.

For so long as the Company has a controlling shareholder, the Articles allow for the election of any independent Director to be approved by separate resolutions of (i) the shareholders' and (ii) the shareholders excluding any controlling shareholder. If either of the resolutions is defeated, the Company may propose a further resolution to elect or re-elect the proposed independent Director which (a) may be voted on within a period commencing 90 days and ending 120 days from the original vote, and (b) may be passed by a vote of the shareholders voting as a single class. Furthermore, in the event that the Company wishes the Financial Conduct Authority of the United Kingdom (“FCA”) to cancel the listing of the shares on the premium segment of the official list maintained by the FCA or transfer the shares to the standard listing segment of the official list of the FCA, the Company must obtain at a general meeting the prior approval of (y) a majority of not less than 75% of the votes attaching to the shares voted on the resolution and (z) a majority of the votes attaching to the shares voted on the resolution excluding any shares voted by a controlling shareholder.

In all other circumstances, each of the selling shareholder and Continuity has, and will have, the same voting rights attached to the shares as all other shareholders.

28.5 Other related parties

A list of related parties with which ASA International has transactions is presented below. The transactions in 30 June 2019 and 31 December 2018 and the balances as at 30 June 2018 and 31 December 2019 with related parties. Related party transactions take place at arm's length conditions.

Name of related party	**Relationship**
CMI	Parent company and Major shareholder (41%)
Sequoia	Service provider to the Company
ASA NGO Bangladesh	Service provider to the Company
MBA Philippines	Business partner
IDFC	Minority shareholder in ASAI India
ASAICH and CMIIH	Subsidiaries of CMI
CMIMC	Holding company of founders CMI
CMIC	Investment manager of CMI

In consideration for the know-how and other services acquired under the MOU, in addition to reimbursement of costs and expenses, ASA was given the option right to purchase 5% of the outstanding capital stock of ASAIH (calculated on a fully diluted basis) at an exercise price which is equal to the issue price for every issue of capital stock to CMI. This option was exercised at 13 July 2018. In 2017 ASAI Management Services Ltd (“AMSL”) was incorporated by ASAI NV in Bangladesh and from 1 April 2018 all activities for the Group by ASA NGO in Dhaka, which were previously charged by ASA NGO to ASAIH as Technical Assistance fees, have been transferred to AMSL. These activities include the employment of former ASA NGO staff working in the Group head office in Dhaka and Dhaka office rent. AMSL invoiced these activities to ASAIH.

28. RELATED PARTY DISCLOSURES (Continued)

28.5 Other related parties (continued)

		Income from related parties	Expenses to related parties	Amount owed by related parties	Amount owed to related parties
CMI	30 June 2019	-	-	172,675	24,096,178
	31 December 2018	28,979	-	238,344	21,018,520
CMIC	30 June 2019	-	-	-	-
	31 December 2018	-	34,408	-	138,178
Sequoia	30 June 2019	-	-	-	50,115
	31 December 2018	-	91,792	57,679	40,524
ASA Bangladesh	30 June 2019	-	196,692	-	176,276
	31 December 2018	-	1,266,698	3,231	114,414
MBA Philippines	30 June 2019	376,186	-	628,693	1,109,118
	31 December 2018	558,510	-	71,144	79,061
ASAICH	30 June 2019	-	-	101,110	-
	31 December 2018	-	-	87,053	-
CMIMC	30 June 2019	-	-	-	75,157
	31 December 2018	-	-	-	75,158
CMIIH	30 June 2019	-	-	-	-
	31 December 2018	4,685	-	96,313	-
IDFC	30 June 2019	1,797,297	-	1,499,315	696,484
	31 December 2018	2,503,425	-	627,545	555,626
Catalyst Continuity	30 June 2019	-	-	-	1,095,000
	31 December 2018	-	-	-	-
Continuity EBT	30 June 2019	-	-	13,690	-
	31 December 2018	-	-	-	-
ASA Social Services	30 June 2019	-	-	10,745	-
	31 December 2018	-	-	-	-

28.6 Non-controlling Interest

The Company reports non-controlling interest ("NCI") in its subsidiaries ASAI India and Lak Jaya. The NCI in ASAI India, having its principal place of business in India, amounts to 11.7%. In March 2017 this NCI was reduced to 9.99% as per RBI guidelines. Cash consideration of USD 293,572 was paid to non-controlling shareholders. The carrying value of the additional interest was USD 138,367. A loss of USD 155,105 was recognised in retained earnings. The profit allocated to this NCI amounts to USD 219,439 in H1 2019. The accumulated amount of this NCI amounts to USD 2,215,524. ASAI India did not pay any dividend in 2018. The NCI in Lak Jaya, having its principal place of business in Sri Lanka, amounts to 2.86%. The profit allocated to this NCI amounts to USD 2,027 in H1 2019. The accumulated amount of this NCI amounts to USD 133,149. Lak Jaya did not declare any dividend during the first half of 2019.

28. RELATED PARTY DISCLOSURES (Continued)

28.6 Non-controlling Interest (continued)

The summarised financial information of Lak Jaya and ASAI India as at 30 June 2019 is as follows:

	30 June 2019		31 December 2018	
	Lak Jaya	ASAI India	Lak Jaya	ASAI India
	USD	USD	USD	USD
Current assets	11,823,978	146,786,736	11,844,201	117,446,342
Non-current assets	607,157	2,236,090	227,396	1,025,899
Current liabilities	7,277,319	125,160,414	7,481,988	98,116,861
Non-current liabilities	498,245	1,693,874	169,720	574,546
Operating income	1,701,227	7,653,937	3,673,369	13,968,981
Profit	70,872	2,195,709	404,647	4,641,733

29. SUBSEQUENT EVENTS DISCLOSURE

On 8 August 2019, ASHA Microfinance Bank Limited (MFB) obtained No objection certificate (NOC) from Central Bank of Nigeria (CBN) for converting 193 branches of ASIEA (NGO) into new branches of ASHA MFB, Nigeria. Following the approval, the total number of branches of ASHA MFB will increase to 263 and operations of all of these branches shall be conducted in compliance with the Revised Regulatory and Supervisory Guidelines for Microfinance Banks in Nigeria and other extant CBN Circulars.

30. PENDING LITIGATIONS AND CLAIMS

ASA Pakistan

On 9 June 2017 a notice was issued by the income tax department to ASA Pakistan demanding an amount of USD 371,000 towards the estimated advance tax for the quarter ending June 2017. ASA Pakistan replied to the demand stating that it had already paid the June 2017 advance tax and at the time of payment the accounts had been finalised and audited and the income tax liability was known. Accordingly ASA Pakistan contended that the advance tax had been paid in full and no further amount was due to be paid. However, the department made an attempt to recover the demand of advance tax pursuant to which ASA Pakistan filed a petition in the High Court of Pakistan at Karachi which suspended the operation of recovery notice. The matter has been decided in favor of ASA Pakistan.

ASAI India

Service Tax Authorities raised a claim on upfront interest that was charged to borrowers during the 2008-2011 period. ASAI India filed an appeal before the Appellate tribunal against the said claim of USD 357,000. The Appellate Tribunal has granted a Stay Order on the claim.

Demand was raised by Income tax authorities after disallowance of some expenditures such as misappropriation of funds, gratuity etc. for the assessment years (AY) 2011-2012 and 2012-2013. Disallowance amount for AY 2011-2012 is USD 177,000 and for AY 2012-2013 is USD 69,000. Matters are pending before CIT (Appeals) and no provision has been created.

31. CAPITAL MANAGEMENT

The Company is a public limited company, incorporated in England and Wales with the registered number 11361159 and with its registered office situated at Elder House, St Georges Business Park, 207 Brooklands Road, Weybridge KT13 0TS, United Kingdom. The Company listed its shares on the premium listing segment of the London Stock Exchange on 18 July 2018. The Group is not subject to externally imposed capital requirements and has no restrictions on the issue and re-purchase of ordinary shares.

32. FINANCIAL INSTRUMENTS

Table below shows the classification of financial instruments, as well as the fair value of those instruments not carried at fair value.

	Carrying values		Fair values	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	USD	USD	USD	USD
ASSETS				
Available for sale	251,367	238,786	251,367	238,786
Financial assets at fair value through profit or loss	4,621,291	2,312,647	4,621,291	2,312,647
Loans and receivables				
Loans and advances to customers	374,889,580	343,127,939	374,889,580	343,127,939
Due from banks	39,170,201	37,625,570	39,170,201	37,625,570
Other assets	7,072,124	4,469,971	7,072,124	4,469,971
Cash and cash equivalents	74,719,639	72,945,586	74,719,639	72,945,586
LIABILITIES AND EQUITY				
Financial liabilities measured at amortised cost				
Debt issued and borrowed funds	302,291,249	280,082,198	302,291,249	280,082,198
Due to customers	69,907,762	63,985,973	69,907,762	63,985,973
Financial liabilities at fair value through profit and loss	545,786	-	545,786	-
Other liabilities	37,956,482	28,061,984	37,956,482	28,061,984

- The carrying amounts of cash and cash equivalents, due from banks and due to customers approximate the fair value due to the very short-term maturities of these items.
-Loans and advances to customers are carried at amortised cost net of loan loss provisioning. Furthermore, the term of the loans to the microfinance borrowers is short (six to twelve months). Due to these circumstances, the carrying amount approximates fair value.
- Regarding the "Debt issued and other borrowed funds", this amount reflects the loans from third parties on holding level as well as the loans provided by third parties directly to the subsidiaries of ASA International.

The nominal value of the Gates Foundation Loan approximates the fair value because the loan has specific requirements of the Gates Foundation that the coupon of 2% is the most appropriate interest rate to be asked for this loan. The other loans are short term and held at amortized cost, therefore the carrying amount is the best approximation of the fair value.

33. HEDGE ACCOUNTING

The Company applies hedge accounting to USD loans provided to subsidiaries reporting in foreign currencies and the related forward contracts. The foreign currency risk exposure of the USD loans and the potential negative impact on net result of the subsidiaries are being mitigated by way of these forward contracts. Any positive impact is therefore also limited. ASA International has only entered into non-deliverable forward contracts. Management considers the hedges as cash flow hedges. The formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge are documented in the individual files and memos for every forward contract. The Company applies the qualitative approach for prospective testing effectiveness because the critical terms of the hedged items and hedging instruments are identical. The Company applies a rollover hedge strategy when no forward instruments are available at reasonable pricing for the full term of the hedged item. In those cases the Company accepts a rollover risk. Retrospective effectiveness is measured by comparing the change in the fair value of the actual derivative designated as the hedging instrument and the change in the fair value of a hypothetical derivative representing the hedged item. The Company assessed it had no ineffectiveness during 2019 in relation to the foreign currency hedges.

Reference is made to note 26.4.4 for the strategy for currency exchange risk. Below we provide additional information on the hedged items and hedging instruments as per 30 June 2019.

As at 30 June 2019	**ASA Pakistan**	**PPLCI**	**ASA Myanmar**	**ASA Tanzania**	**Total**
	USD	**USD**	**USD**	**USD**	**USD**
Fair value of forward contract assets	(4,621,291)	-	-	-	(4,621,291)
Fair value of forward contract liabilities	-	-	376,907	168,879	545,786
Notional amount hedged USD loans	35,883,336	-	9,500,000	4,800,000	50,183,336
Period in which the cash flows are expected to occur:					-
cash flows in H2 2019	28,883,336	-	5,000,000	2,300,000	36,183,336
cash flows in 2020	7,000,000	-	3,500,000	2,500,000	13,000,000
cash flows in 2021	-	-	1,000,000	-	1,000,000
cash flows in 2022	-	-	-	-	-
Total cash flows	**35,883,336**	**-**	**9,500,000**	**4,800,000**	**50,183,336**
Expected period to enter into the determination of profit or loss:					
amortisation of forward points in H2 2019	680,319	-	423,317	115,329	1,218,965
amortisation of forward points in 2020	140,766	-	267,728	80,239	488,733
amortisation of forward points in 2021	-	-	5,435	-	5,435
amortisation of forward points in 2022	-	-	-	-	-
Total amortisation of forward points	**821,085**	**-**	**696,480**	**195,568**	**1,713,133**
Amounts recognised in OCI during the period:					
for amortisation of forward points	783,460	423	419,061	88,218	1,291,162
for changes in fair value of the forward contracts	4,796,797	(36,787)	(569,178)	(246,913)	3,943,919
for recycling of FX result of USD loans	(5,291,037)	2,800	168,710	99,802	(5,019,725)
Total amounts recognised in OCI during the period	**289,220**	**(33,564)**	**18,593**	**(58,893)**	**215,356**

33. HEDGE ACCOUNTING (Continued)

As at 31 December 2018	ASA Pakistan	PPLCI	ASA Myanmar	ASA Tanzania	Total
	USD	USD	USD	USD	USD
Fair value of forward contract assets	(2,025,897)	(95,188)	(191,562)	-	(2,312,647)
Notional amount hedged USD loans	33,125,002	1,000,000	9,500,000	-	43,625,002
Period in which the cash flows are expected to occur:					-
cash flows in 2019	33,125,002	1,000,000	5,000,000	-	39,125,002
cash flows in 2020	-	-	3,500,000	-	3,500,000
cash flows in 2021	-	-	1,000,000	-	1,000,000
Total cash flows	**33,125,002**	**1,000,000**	**9,500,000**	**-**	**43,625,002**
Expected period to enter into the determination of profit or loss:					
amortisation of forward points in 2019	897,557	420	673,587	-	1,571,564
amortisation of forward points in 2020	-	-	161,622	-	161,622
amortisation of forward points in 2021	-	-	5,270	-	5,270
Total amortisation of forward points	**897,557**	**420**	**840,479**	**-**	**1,738,456**
Amounts recognised in OCI during the period:					
for amortisation of forward points	1,352,661	65,881	689,407	64,982	2,172,932
for changes in fair value of the forward contracts	6,461,393	187,701	227,684	(33,455)	6,843,323
for recycling of FX result of USD loans	(7,848,692)	(221,881)	(1,009,692)	(56,274)	(9,136,539)
Total amounts recognised in OCI during the period	**(34,638)**	**31,701**	**(92,601)**	**(24,747)**	**(120,285)**

34. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled. Loans and advances to customers are based on the same expected repayment behaviour as used for estimating the EIR. Debt issued and other borrowed funds reflect the contractual repayments.

As at 30 June 2019	Within 12 months	After 12 months	Total
	USD	USD	USD
Assets			
Cash and cash equivalents	74,719,639	-	74,719,639
Loans and advances to customers	361,105,799	13,783,781	374,889,580
Due from banks	36,520,611	2,649,590	39,170,201
Equity investment FVOCI	-	251,367	251,367
Property and equipment	543,333	4,314,644	4,857,977
Right-of-use assets	-	5,560,618	5,560,618
Deferred tax assets	893,269	2,281,402	3,174,671
Other assets	13,760,697	1,418,732	15,179,429
Goodwill	34,652	-	34,652
Total assets	**487,578,000**	**30,260,134**	**517,838,134**
Liabilities			
Debt issued and other borrowed funds	170,130,899	132,160,350	302,291,249
Due to customers	69,716,187	191,575	69,907,762
Retirement benefit liability	-	2,321,634	2,321,634
Current tax liability	5,303,818	-	5,303,818
Deferred tax liability	267,306	-	267,306
Lease liability	-	3,998,258	3,998,258
Other liabilities	19,930,418	20,525,860	40,456,278
Provisions	348,647	-	348,647
Total liabilities	**265,697,275**	**159,197,677**	**424,894,952**
Net	**221,880,725**	**(128,937,543)**	**92,943,182**

34. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (Continued)

As at 31 December 2018	Within 12 months	After 12 months	Total
	USD	USD	USD
Assets			
Cash and cash equivalents	71,545,650	1,399,936	72,945,586
Loans and advances to customers	284,408,528	58,719,411	343,127,939
Due from banks	35,497,788	2,127,782	37,625,570
Available for sale investment	-	238,786	238,786
Property and equipment	753,850	3,751,827	4,505,677
Deferred tax assets	676,696	1,911,639	2,588,335
Other assets	11,729,618	259,658	11,989,276
Goodwill	-	33,423	33,423
Total assets	404,612,130	68,442,462	473,054,592
Liabilities			
Debt issued and other borrowed funds	162,980,304	117,101,894	280,082,198
Due to customers	63,985,973	-	63,985,973
Retirement benefit liability	-	1,469,468	1,469,468
Current tax liability	7,263,468	-	7,263,468
Deferred tax liability	69,113	-	69,113
Other liabilities	10,108,174	20,374,424	30,482,598
Provisions	1,153,410	-	1,153,410
Total liabilities	245,560,442	138,945,786	384,506,228
Net	159,051,688	(70,503,324)	88,548,364

35. EARNINGS PER SHARE

Basic earnings per share ("EPS") is calculated by dividing the net profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

There are no share options which will have a dilutive effect on EPS. Therefore, the Company does not have dilutive potential ordinary shares and diluted earnings per share calculation is not applicable.

The following table shows the income and share data used in the basic and diluted EPS calculations:

	30 June 2019	30 June 2018
	USD	USD
Net profit attributable to ordinary equity holders of the parent	15,911,654	8,249,035
Weighted average number of ordinary shares for basic earnings per share	100,000,000	3,627,349
Earnings per share		
Equity shareholders of the parent for the year:		
Basic earnings per share	0.16	2.27
Diluted earnings per share	0.16	2.27

The Company has applied the number of shares issued by ASA International Group plc as per 30 June 2019. For the period ending 30 June 2018 the shares issued by ASA international Holdings has been used.The continuation of accounting principle has been applied.

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of the completion of financial statements which would require the restatement of EPS.