

COMMERCIAL LEASING & FINANCE PLC



**INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 31 DECEMBER 2016**

COMMERCIAL LEASING & FINANCE PLC

Statement of Financial Position

| Group | | Company | | Group | | Company | |
|-------------------------------|-------------------|--|--|-------------------|-------------------|-------------------|-------------------|
| 31-Mar-16 | 31-Mar-16 | As at 31st December | | 2016 | 2015 | 2016 | 2015 |
| (Audited) | (Audited) | | | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| Rs. '000 | Rs. '000 | | | | | | |
| Assets | | | | | | | |
| 2,280,295 | 836,057 | Cash & cash equivalents | | 1,691,420 | 1,101,994 | 1,568,024 | 553,217 |
| 4,232,811 | 4,232,811 | Financial assets held for trading | | 205,218 | 234,578 | 205,218 | 234,567 |
| 29,745,643 | 29,742,820 | Other investments | | 29,889,773 | 7,883,595 | 28,368,469 | 7,123,565 |
| 14,783,489 | 14,693,482 | Rental receivables on leases & hire purchase | | 14,873,969 | 15,166,042 | 14,791,564 | 15,067,001 |
| 33,951,969 | 27,140,128 | Loans and advances | | 43,074,585 | 31,592,132 | 32,643,096 | 23,684,802 |
| 4,959,717 | 4,959,717 | Factoring receivables | | 6,387,378 | 3,995,236 | 6,387,378 | 3,995,236 |
| 144 | 8 | Amounts due from related company | | 317 | 9 | 173 | 16 |
| 299,176 | 253,887 | Value Added Tax (VAT) recoverable | | 204,823 | 249,207 | 188,560 | 249,207 |
| 407,580 | 385,492 | Other receivables | | 652,834 | 613,491 | 527,595 | 578,490 |
| 75,854 | 75,854 | Investment in equity accounted investee | | 84,456 | 78,694 | 84,456 | 78,694 |
| - | - | Investment property | | 42,000 | 10,700 | 42,000 | 10,700 |
| - | 967,863 | Investment in subsidiary companies | | - | - | 1,023,006 | 967,863 |
| 2,047 | - | Deferred tax asset | | - | 979 | - | - |
| 253,211 | - | Goodwill on acquisition | | 253,211 | 253,211 | - | - |
| 1,144,826 | 1,070,831 | Property, plant & equipment | | 1,344,713 | 1,120,482 | 1,217,156 | 1,065,475 |
| 92,136,764 | 84,358,954 | Total Assets | | 98,704,697 | 62,300,350 | 87,046,695 | 53,608,833 |
| Liabilities and Equity | | | | | | | |
| Liabilities | | | | | | | |
| 1,594,871 | 1,170,761 | Bank overdrafts | | 1,515,168 | 1,864,502 | 1,168,556 | 1,450,656 |
| - | - | Derivative liabilities - fair value through profit or loss | | 22,876 | - | 22,876 | - |
| 12,764,288 | 12,347,646 | Deposits liabilities | | 14,190,683 | 17,318,275 | 13,009,818 | 16,198,311 |
| 58,017,858 | 56,087,528 | Interest bearing loans & borrowings | | 57,987,108 | 22,290,506 | 56,946,111 | 21,159,811 |
| 588,903 | 464,455 | Current tax liabilities | | 905,877 | 531,462 | 792,048 | 425,255 |
| 4,117,851 | 283,967 | Amounts due to related companies | | 8,705,129 | 6,669,935 | 172,179 | 1,266,639 |
| 2,637,430 | 1,798,895 | Other payables | | 1,653,964 | 1,331,200 | 1,578,607 | 1,138,059 |
| 357,932 | 357,932 | Deferred tax liabilities | | 369,661 | 469,356 | 357,932 | 469,356 |
| 71,097 | 50,342 | Retirement benefit obligations | | 77,743 | 60,627 | 52,088 | 51,826 |
| 80,150,228 | 72,561,528 | Total Liabilities | | 85,428,209 | 50,535,863 | 74,100,216 | 42,159,913 |
| Equity | | | | | | | |
| 1,425,947 | 1,425,947 | Stated capital | | 1,425,947 | 1,425,947 | 1,425,947 | 1,425,947 |
| 892,093 | 927,826 | Reserves | | 820,934 | 870,778 | 856,327 | 913,884 |
| 9,617,451 | 9,443,652 | Retained earnings | | 11,026,971 | 9,409,575 | 10,664,205 | 9,109,089 |
| 11,935,491 | 11,797,426 | Equity attributable to shareholders of the Company | | 13,273,852 | 11,706,300 | 12,946,479 | 11,448,920 |
| 51,045 | - | Non-controlling interests | | 2,636 | 58,187 | - | - |
| 11,986,536 | - | | | 13,276,488 | 11,764,487 | - | - |
| 92,136,764 | 84,358,954 | Total Liabilities and Equity | | 98,704,697 | 62,300,350 | 87,046,695 | 53,608,833 |
| 1.87 | 1.85 | Net assets value per share | | 2.08 | 1.84 | 2.03 | 1.80 |

I certify that these Financial Statements have been prepared and presented in compliance with the requirements of the Companies Act, No.07 of 2007.

Sgd

Mrs. S.S. Kotakadeniya
Chief Financial Officer - LOLC Group

The board of directors is responsible for the preparation and the presentation of these Financial Statements.
Approved and signed for and on behalf of the Board;

Sgd

Mr. W. D. K. Jayawardena
Director

Sgd

Mr. D.M.D.K.Thilakarathne
Director / CEO

13th February 2017
Colombo

COMMERCIAL LEASING & FINANCE PLC
Statement of Profit or Loss and Other Comprehensive Income

| | Group | | | | | | Company | | | | | |
|--|--------------------------------------|--------------------------------------|---------------|--------------------------------------|--------------------------------------|---------------|--------------------------------------|--------------------------------------|---------------|--------------------------------------|--------------------------------------|---------------|
| | For the nine months ended | | | For the three months ended | | | For the nine months ended | | | For the three months ended | | |
| | 31.12.2016 Unaudited Rs. ' 000 | 31.12.2015 Unaudited Rs. ' 000 | Variance % | 30.09.2016 Unaudited Rs. ' 000 | 30.09.2015 Unaudited Rs. ' 000 | Variance % | 31.12.2016 Unaudited Rs. ' 000 | 31.12.2015 Unaudited Rs. ' 000 | Variance % | 30.09.2016 Unaudited Rs. ' 000 | 30.09.2015 Unaudited Rs. ' 000 | Variance % |
| Interest income | 10,623,557 | 7,618,507 | 39% | 3,891,880 | 2,834,148 | 37% | 8,329,475 | 6,384,874 | 30% | 3,040,580 | 2,273,121 | 34% |
| Interest expense | (5,275,841) | (2,590,296) | 104% | (1,943,155) | (1,042,170) | 86% | (4,458,467) | (2,221,652) | 101% | (1,600,460) | (850,250) | 88% |
| Net interest income | 5,347,716 | 5,028,211 | 6% | 1,948,725 | 1,791,978 | 9% | 3,871,008 | 4,163,222 | (7%) | 1,440,120 | 1,422,871 | 1% |
| Other operating income | 1,244,930 | 357,137 | 249% | 378,704 | 90,173 | 320% | 1,171,300 | 344,920 | 240% | 345,412 | 86,685 | 298% |
| Expenses | | | | | | | | | | | | |
| Personnel costs | (1,115,868) | (860,836) | 30% | (387,223) | (287,641) | 35% | (767,432) | (609,929) | 26% | (265,451) | (200,205) | 33% |
| Premises, equipment & establishment expenses | (308,004) | (252,522) | 22% | (105,328) | (79,396) | 33% | (250,847) | (223,790) | 12% | (84,043) | (72,957) | 15% |
| Depreciation on property plant & equipment | (88,399) | (71,947) | 23% | (31,456) | (25,685) | 22% | (77,133) | (64,749) | 19% | (26,480) | (23,226) | 14% |
| Net impairment loss on financial assets | (581,708) | (522,240) | 11% | (274,221) | (146,374) | 87% | (283,765) | (503,264) | (44%) | (103,406) | (134,213) | (23%) |
| Other operating expenses | (2,146,261) | (1,494,184) | 44% | (706,560) | (587,013) | 20% | (1,698,241) | (1,294,085) | 31% | (554,854) | (441,179) | 26% |
| Results from operating activities before VAT on financial services and NBT | 2,352,407 | 2,183,618 | 8% | 822,641 | 756,042 | 9% | 1,964,890 | 1,812,325 | 8% | 751,299 | 637,776 | 18% |
| Value added tax on financial services and NBT | (363,091) | (202,671) | 79% | (140,496) | (35,223) | 299% | (281,619) | (202,591) | 39% | (115,262) | (82,052) | 40% |
| Results from operating activities | 1,989,316 | 1,980,947 | | 682,145 | 720,819 | (5%) | 1,683,271 | 1,609,734 | 5% | 636,036 | 555,724 | 14% |
| Share of profit of equity accounted investee (net of tax) | 8,601 | 7,238 | 19% | 2,355 | 2,555 | (8%) | 8,601 | 7,238 | 19% | 2,355 | 2,555 | (8%) |
| Profit before income tax expenses | 1,997,917 | 1,988,185 | | 684,500 | 723,374 | (5%) | 1,691,872 | 1,616,972 | 5% | 638,391 | 558,278 | 14% |
| Income tax expense | (581,666) | (557,492) | 4% | (195,915) | (202,387) | (3%) | (471,316) | (450,726) | 5% | (178,090) | (155,603) | 14% |
| Profit for the period | 1,416,251 | 1,430,693 | | 488,585 | 520,987 | (6%) | 1,220,556 | 1,166,246 | 5% | 460,301 | 402,675 | 14% |
| Other comprehensive income | | | | | | | | | | | | |
| Net Change in fair value of available for sale finance assets | (25,881) | (27,476) | (6%) | (2,116) | (9,768) | 78% | (26,227) | (27,454) | (4%) | (2,405) | (9,812) | (75%) |
| Effective portion of changes in fair value of cash flow | (45,274) | 191,032 | (124%) | (7,638) | 9,179 | 183% | (45,274) | 191,032 | (124%) | (7,638) | 9,179 | (183%) |
| Other comprehensive income/ (expense) for the period, net of tax | (71,155) | 163,556 | (144%) | (9,754) | (589) | (1556%) | (71,501) | 163,578 | (144%) | (10,043) | (633) | 1485% |
| Total comprehensive income for the period | 1,345,096 | 1,594,249 | (16%) | 478,831 | 520,398 | 8% | 1,149,055 | 1,329,824 | (14%) | 450,258 | 402,042 | 12% |
| Profit attributable to; | | | | | | | | | | | | |
| Equity holders of the Company | 1,406,728 | 1,415,757 | | - | - | | 1,220,556 | 1,166,246 | | - | - | |
| Non-controlling interests | 9,523 | 14,936 | | - | - | | - | - | | - | - | |
| Profit for the period | 1,416,251 | 1,430,693 | | - | - | | 1,220,556 | 1,166,246 | | - | - | |
| Total comprehensive income attributable to; | | | | | | | | | | | | |
| Equity holders of the Company | 1,344,626 | 1,579,313 | | - | - | | 1,149,055 | 1,329,824 | | - | - | |
| Non-controlling interests | 470 | 14,936 | | - | - | | - | - | | - | - | |
| Total comprehensive income for the period | 1,345,096 | 1,594,249 | | - | - | | 1,149,055 | 1,329,824 | | - | - | |
| Earnings per share Rs. | 0.22 | 0.22 | | 0.08 | 0.08 | | 0.19 | 0.18 | | 0.07 | 0.06 | |

Figures in brackets indicate deductions

COMMERCIAL LEASING & FINANCE PLC
Statement of changes in equity - Group

For the nine months ended 31st December 2016

| | Stated Capital Rs. 000 | Revaluation Reserves Rs. 000 | Hedging reserve Rs. 000 | Fair Value Reserve on AFS Rs. 000 | General Reserve Rs. 000 | Statutory Reserves Rs. 000 | Invetsment Fund Reserve Rs. 000 | Retained Earnings Rs. 000 | Total Rs. 000 | Non-controlling Interest Rs. 000 | Total Equity Rs. '000 |
|--|---------------------------|------------------------------------|-------------------------------|---|-------------------------------|----------------------------------|---------------------------------------|---------------------------------|-------------------|--|--------------------------|
| Balance as at 01st April 2015 | 1,425,947 | 135,980 | (180,070) | 40,271 | 231,780 | 479,261 | - | 7,990,108 | 10,123,277 | 43,252 | 10,166,529 |
| Total comprehensive income for the period | | | | | | | | | | | - |
| Profit for the period | - | - | - | - | - | - | - | 1,415,757 | 1,415,757 | 14,936 | 1,430,693 |
| Other comprehensive income | - | - | 191,032 | (27,476) | - | - | - | - | 163,556 | (1) | 163,556 |
| Total comprehensive income for the period | - | - | 191,032 | (27,476) | - | - | - | 1,415,757 | 1,579,313 | 14,935 | 1,594,249 |
| Deividends Forfeited | | | | | | | | 3,710 | 3,710 | - | 3,710 |
| Balance as at 31st December 2015 | 1,425,947 | 135,980 | 10,962 | 12,795 | 231,780 | 479,261 | - | 9,409,575 | 11,706,300 | 58,187 | 11,764,487 |
| Total comprehensive income for the period | | | | | | | | | | | - |
| Profit for the period | - | - | - | - | - | - | - | 294,152 | 294,152 | (6,378) | 287,773 |
| Other comprehensive income | - | - | 35,309 | (100,270) | - | - | - | - | (64,960) | (765) | (65,726) |
| Total comprehensive income for the period | - | - | 35,309 | (100,270) | - | - | - | 294,152 | 229,192 | (7,143) | 222,047 |
| Transferred to/(from) during the year | - | - | - | - | - | 86,276 | - | (86,276) | - | - | - |
| Balance as at 31st March 2016 | 1,425,947 | 135,980 | 46,270 | (87,475) | 231,780 | 565,538 | - | 9,617,451 | 11,935,492 | 51,045 | 11,986,536 |
| Total comprehensive income for the period | | | | | | | | | | | - |
| Profit for the period | - | - | - | - | - | - | - | 1,406,728 | 1,406,728 | 9,523 | 1,416,251 |
| AFS change | - | - | - | - | - | - | - | - | - | - | - |
| Other comprehensive income | - | - | (45,274) | (25,885) | - | - | - | - | (71,160) | 4 | (71,157) |
| Total comprehensive income for the period | - | - | (45,274) | (25,885) | - | - | - | 1,406,728 | (71,160) | 9,527 | 1,345,095 |
| Acquisition of MI | - | - | - | - | - | - | - | 2,792 | 2,792 | (57,935) | (55,143) |
| Transferred to/(from) during the year | - | - | - | - | - | - | - | - | - | - | - |
| Balance as at 31st December 2016 | 1,425,947 | 135,980 | 996 | (113,360) | 231,780 | 565,538 | - | 11,026,971 | 11,867,124 | 2,636 | 13,276,488 |

COMMERCIAL LEASING & FINANCE PLC
Statement of changes in equity - Company

For the nine months ended 31st December 2016

| | Stated Capital Rs. 000 | Revaluation Reserves Rs. 000 | Hedging reserve Rs. 000 | Fair Value Reserve on AFS Rs. 000 | General Reserve Rs. 000 | Statutory Reserves Rs. 000 | Retained Earnings Rs. 000 | Total Rs. 000 |
|--|---------------------------|------------------------------------|----------------------------|---|----------------------------|-------------------------------|------------------------------|-------------------|
| Balance as at 1st April 2015 | 1,425,947 | 135,980 | (180,070) | 40,410 | 288,080 | 465,904 | 7,939,133 | 10,115,384 |
| Total comprehensive income for the period | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | 1,166,246 | 1,166,246 |
| Other comprehensive income | - | - | 191,032 | (27,454) | - | - | - | 163,578 |
| Total comprehensive income for the period | - | - | 191,032 | (27,454) | - | - | 1,166,246 | 1,329,824 |
| Devidends Forfeited | - | - | - | - | - | - | 3,710 | 3,710 |
| Transferred to/(from) during the year | - | - | - | - | - | - | - | - |
| Balance as at 31st December 2015 | 1,425,947 | 135,980 | 10,962 | 12,956 | 288,080 | 465,905 | 9,109,089 | 11,448,920 |
| Total comprehensive income for the period | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | 407,761 | 407,761 |
| Other comprehensive income | - | - | 35,309 | 100,063 | - | - | 5,500 | (59,255) |
| Total comprehensive income for the period | - | - | 35,309 | (100,063) | - | - | 413,261 | 348,507 |
| Deferred tax on revaluation | - | - | - | - | - | - | - | - |
| Transferred to/(from) during the year | - | - | - | - | - | 78,700 | (78,700) | - |
| Balance as at 31st March 2016 | 1,425,947 | 135,980 | 46,270 | (87,107) | 288,080 | 544,605 | 9,443,649 | 11,797,427 |
| Total comprehensive income for the period | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | 1,220,556 | 1,220,556 |
| Other comprehensive income | - | - | (45,274) | (26,227) | - | - | - | (71,501) |
| Total comprehensive income for the period | - | - | (45,274) | (26,227) | - | - | 1,220,556 | 1,149,055 |
| Devidends Forfeited | - | - | - | - | - | - | - | - |
| Transferred to/(from) during the year | - | - | - | - | - | - | - | - |
| Balance as at 31st December 2016 | 1,425,947 | 135,980 | 996 | (113,334) | 288,080 | 544,605 | 10,664,205 | 12,946,480 |

COMMERCIAL LEASING & FINANCE PLC
Statement of Cash Flow

| For the nine months ended | Group | | Company | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 31.12.2016 | 31.12.2015 | 31.12.2016 | 31.12.2015 |
| Statement of Cash Flow | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Profit before income tax expense | 1,997,917 | 1,988,185 | 1,691,872 | 1,616,972 |
| Adjustment for: | | | | |
| Depreciation and amortization | 88,399 | 71,947 | 77,133 | 64,749 |
| Provision for gratuity | 8,565 | 9,768 | 3,531 | 5,733 |
| Allowances for doubtful debts | 581,708 | 522,240 | 283,765 | 503,264 |
| Provision for fall/(increase) in value of investments | (86,657) | (6,044) | (86,657) | (6,044) |
| Dividend Income | (46,630) | (4,719) | (46,566) | (4,660) |
| Interest cost | 5,275,841 | 2,590,296 | 4,463,738 | 2,221,652 |
| Share of profit of equity accounted investees | (8,601) | (7,238) | (8,601) | (7,238) |
| Interest on treasury bonds, bills and repos | (1,005,526) | (245,150) | (938,943) | (233,141) |
| Gain / (loss) on sale of treasury bonds | - | (10,123) | - | (10,123) |
| (Profit)/Loss on sale of property, plant and equipment | (1,420) | (2,619) | - | (1,148) |
| Operating profit before working capital changes | 6,803,596 | 4,906,542 | 5,439,272 | 4,150,016 |
| Working capital changes | | | | |
| (Increase)/decrease in accounts receivables & others | (163,055) | 370,242 | 53,651 | - 182,421 |
| Increase/(decrease) in accounts payables | 3,382,466 | 4,387,312 | 301,354 | 757,053 |
| (Increase)/decrease investment in leases | (192,693) | (2,638,196) | (125,803) | - 2,594,136 |
| (Increase)/decrease in factoring account receivable | (1,514,079) | (1,778,064) | (1,514,079) | - 1,619,696 |
| (Increase)/decrease investment in advances and other loans | (9,515,692) | (10,829,534) | (5,672,113) | - 6,049,085 |
| Cash generated from operations | (1,199,458) | (5,581,697) | (1,517,718) | (5,538,269) |
| Interest paid | (5,100,725) | (2,793,044) | (4,264,589) | (2,429,400) |
| Income tax paid | (252,962) | (424,502) | (143,723) | (388,706) |
| Gratuity paid | (1,919) | (3,637) | (1,785) | (2,133) |
| Net cash from /(used in) operating activities | (6,555,063) | (8,802,880) | (5,927,813) | (8,358,508) |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Net cash and cash equivalents on acquisition of subsidiary | (55,143) | - | (55,143) | - |
| Purchased of property, plant and equipment | (286,866) | (121,072) | (223,458) | (88,702) |
| Purchase/Disposal of short term investments | 4,381,970 | (1,453,640) | 5,813,414 | (712,215) |
| Investment in investment properties | (42,000) | (373,464) | (42,000) | - 373,464 |
| Interest received | 605,656 | 255,274 | 539,072 | 243,264 |
| Dividend received | 46,630 | 4,719 | 46,566 | 4,660 |
| Net cash flow from investing activities | 4,650,247 | (1,688,183) | 6,078,450 | (926,457) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Net proceed from short term borrowings | 2,261,032 | (488,831) | 1,559,831 | (488,831) |
| Net proceed from customer deposits | 1,426,395 | 7,523,246 | 662,172 | 6,496,741 |
| Proceeds from long term loans | 1,000,000 | 1,500,000 | - | 1,500,000 |
| Repayments of long term loans | (3,291,782) | (3,119,090) | (1,638,468) | (3,325,220) |
| Proceeds from debentures | - | 5,000,000 | - | 5,000,000 |
| Net cash generated from financing activities | 1,395,644 | 10,415,325 | 583,535 | 9,182,690 |
| Net increase/(decrease) in cash & cash equivalents during the pe | (509,173) | (75,738) | 734,173 | (102,274) |
| Cash & cash equivalents at the beginning of the period | 685,424 | (686,770) | (334,705) | (795,165) |
| Cash & cash equivalents at the end of the period | 176,251 | (762,508) | 399,468 | (897,439) |
| Analysis of cash & cash equivalents at the end of the period | | | | |
| Cash at bank and in hand | 1,691,420 | 1,101,994 | 1,568,024 | 553,217 |
| Bank overdraft | (1,515,168) | (1,864,502) | (1,168,556) | (1,450,656) |
| | 176,251 | (762,508) | 399,468 | (897,439) |

Commercial Leasing & Finance PLC
Notes to the Interim Financial Statements
For the nine months ended 31st December 2016

1. The Statement of Financial Position as at 31 December 2016, the Statement of Profit or Loss & other Comprehensive Income, Cash Flow Statements and Statements of Changes in Equity of the Company & the Group for the nine months ended 31 December 2016 are drawn up from unaudited Financial Statements of the Company & its subsidiary, and provide information as required by the Colombo Stock Exchange and in accordance with LKAS 34 Interim Financial Reporting and do not include all of the information required for a full set of financial statements. Further, provisions of the Companies Act No.7 of 2007 and Finance Business Act No.42 of 2011, has been considered in preparing the said financial statements of the Company & of the Group.

2. Accounting policies and method of computation as stated in the Audited financial statements for the year 2015/16 are followed in preparing these Interim Financial Statements .

3. The Stated Capital of the Company is represented by 6,377,711,170 ordinary shares.

4. Income represents gross income receivable for the year on all performing contracts, rentals on operating leases and income on factoring client debtors. It includes all income related to operations such as interest on overdue rentals, profit/loss on contracts terminated and collection on contracts written-off.

5. Other operating income includes interest on government securities, interest on fixed deposits, commission income, capital gains and losses arising from marked to market valuation of quoted shares held for trading purposes, and dividends.

6. All expenses related to management expenditure are fully provided for in the financial statements.

7. Previous period figures and notes have been restated and reclassified wherever necessary to conform to the current year's presentation.

8. There are no material events occurring after the Balance Sheet date that require adjustment to or disclosure in these Interim Financial Statements.

9. There are no significant changes in the nature of contingent liabilities disclosed in the Audited financials for the year ended 31 March 2016.

10 . Share Information

Market prices of ordinary shares recorded during the quarter ended 31st December 2016 are as follows.

| Market prices of ordinary shares recorded during the quarter ended | <u>31-Dec-16</u> | <u>31-Dec-15</u> |
|--|------------------|------------------|
| Highest price (Rs.) | 3.80 | 4.30 |
| Lowest price (Rs.) | 3.20 | 3.80 |
| Closing price (Rs.) | 3.30 | 4.10 |

11. Debenture information

The company issued fifty million (50,000,000) rated, Senior, Unsecured, Redeemable debentures in July 2015 to the value of Rupees five billion (LKR.5,000,000,000) with a five year maturity.

11.1 Interest rate of comparable government security

Buying and Selling prices of Treasury Bond Market as at 31st December 2016

| <u>5 Year Bond</u> | <u>Price</u> | <u>Yield</u> |
|--------------------|--------------|--------------|
| Buying | 96.42 | 11.28 |
| Selling | 96.62 | 11.13 |

11.2 Market prices and yield during the period (ex interest)

| | <u>Price</u> | <u>Yield</u> |
|-------------|--------------|--------------|
| 5 Year Bond | 96.52 | 11.21 |

| | <u>Current period</u> |
|--|-----------------------|
| Yield to maturity of trade done on 14 October 2016 | 9.71% |

11.3 The market prices and yield during the period (ex interest)

| | |
|-------------------|--------|
| Highest price | 100.13 |
| Lowest price | 100.13 |
| Last traded price | 100.13 |

11.4 Debt security related ratios

| | <u>Company</u> |
|----------------------|-------------------------|
| | <u>As at 31-12-2016</u> |
| Debt to equity ratio | 5.49 |
| Quick asset ratio | 0.97 |
| Interest cover | 1.38 |

12. Financial assets and liabilities- Valuation technique

Level 1 – Quoted market price (unadjusted) in an active market of an identical instrument.

Level 2 – Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices), this category included instruments valued using: quoted market prices in active markets similar instruments; quoted prices for identical or similar instruments in markets are considered less than active: or other valuation techniques where all significant inputs are directly observable from market data.

Level 3 – Valuation techniques use significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation

Commercial Leasing & Finance PLC
Notes to the Interim Financial Statements
For the nine months ended 31st December 2016

11. Financial assets and liabilities - Valuation technique

11.2. Accounting classifications and fair values - Group

The table below sets out the carrying amounts of the financial assets and financial liabilities of the company & its subsidiary.

Rs.000'

| As at 31st December 2016 | Fair value - derivatives | Fair value - held for trading | Fair value through other comprehensive income - available for sale | Amortised cost / Not measured at fair value | Total carrying amount | Fair value | Fair value measurement level |
|---|--------------------------|-------------------------------|--|---|-----------------------|-------------------|------------------------------|
| ASSETS | | | | | | | |
| Cash and cash equivalents | - | - | - | 1,691,420 | 1,691,420 | 1,691,420 | Level 3 |
| Investment in equity securities | - | - | 1,423,847 | 1,423,847 | 1,423,847 | 1,423,847 | Level 1 |
| Investment in government securities | | | | | | | |
| Corporate bonds | - | - | - | - | - | - | Level 1 |
| - Measured at fair value | - | - | 2,803 | - | 2,803 | 2,803 | Level 1 |
| - Measured at amortized cost | - | - | - | 4,884,000 | 4,884,000 | 4,884,000 | Level 1 |
| Investment in equity securities | - | 205,218 | 66,990 | - | 272,207 | 272,207 | Level 1 |
| Derivative assets | - | - | - | - | - | - | Level 2 |
| Investment in term deposits | - | - | - | - | - | - | Level 3 |
| Finance lease receivables, hire purchases and operating leases | | | | | | | |
| - Finance lease receivables | - | - | - | 14,984,228 | 14,984,228 | 13,645,056 | Level 2 |
| - Hire purchase receivables | - | - | - | 32,750 | 32,750 | 26,235 | Level 2 |
| Advances and other loans | | | | | | | |
| - Advances and other loans | - | - | - | 44,649,822 | 44,649,822 | 42,965,877 | Level 2 |
| - Factoring receivables | - | - | - | 6,528,381 | 6,528,381 | 6,528,381 | Level 3 |
| Derivative assets | 11,980 | - | - | - | 11,980 | 11,980 | |
| Amount due from related companies | - | - | - | 317 | 317 | 317 | Level 3 |
| Other financial assets | - | - | - | 123,614 | 123,614 | 123,614 | Level 3 |
| Total financial assets | 11,980 | 205,218 | 1,493,640 | 74,318,380 | 74,605,369 | 71,575,736 | |
| LIABILITIES | | | | | | | |
| Bank overdraft | - | - | - | 1,515,168 | 1,515,168 | 1,515,168 | Level 3 |
| Short Term Loan from Banks | - | - | - | 26,252,091 | 26,252,091 | 26,252,091 | Level 3 |
| Debentures | - | - | - | 5,000,000 | 5,000,000 | 4,653,440 | Level 2 |
| Bank Loans | - | - | - | 27,398,221 | 27,398,221 | 27,051,054 | Level 2 |
| Other long term borrowings | - | - | - | 336,796 | 336,796 | 336,796 | Level 2 |
| Deposits from customers | - | - | - | 14,190,683 | 14,190,683 | 14,190,683 | Level 2 |
| Trade and other payables | - | - | - | 1,044,584 | 1,044,584 | 1,044,584 | Level 3 |
| Derivative liabilities | 22,876 | - | - | - | 22,876 | 22,876 | Level 3 |
| Amount due to related companies | - | - | - | 8,705,129 | 8,705,129 | 8,705,129 | Level 3 |
| Total financial liabilities | 22,876 | - | - | 84,442,671 | 84,465,547 | 83,771,821 | |
| As at 31st March 2016 | | | | | | | |
| | Fair value - derivatives | Fair value - held for trading | Fair value through other comprehensive income - available for sale | Amortised cost / Not measured at fair value | Total carrying amount | Fair value | Fair value measurement level |
| ASSETS | | | | | | | |
| Cash and cash equivalents | - | - | - | 2,280,295 | 2,280,295 | 2,280,295 | Level 3 |
| - Corporate bonds | - | - | 1,465,010 | - | 1,465,010 | 1,465,010 | Level 1 |
| Investment in government securities | | | | | | | |
| - Measured at amortized cost | - | - | - | 4,593,221 | 4,593,221 | 4,593,221 | Level 3 |
| Investment in equity securities | - | 188,400 | 66,979 | - | 255,379 | 255,379 | Level 3 |
| Unit Trust | - | 4,044,622 | - | - | 4,044,622 | 4,044,622 | Level 1 |
| Derivative assets | 60,812 | - | - | - | 60,812 | 60,812 | Level 2 |
| Investment in term deposits | - | - | - | 23,559,610 | 23,559,610 | 23,559,610 | Level 3 |
| Finance lease receivables, hire purchases and operating leases | | | | | | | |
| - Finance lease receivables | - | - | - | 14,741,920 | 14,741,920 | 14,860,064 | Level 2 |
| - Hire purchase receivables | - | - | - | 39,329 | 39,329 | 31,772 | Level 2 |
| Advances and other loans | | | | | | | |
| - Advances and other loans | - | - | - | 34,967,234 | 34,967,234 | 34,093,936 | Level 2 |
| - Factoring receivables | - | - | - | 4,959,717 | 4,959,717 | 4,959,717 | Level 3 |
| Amount due from related companies | - | - | - | 8 | 8 | 8 | Level 3 |
| Other financial assets | - | - | - | 1,825 | 1,825 | 1,825 | Level 3 |
| Total financial assets | 60,812 | 4,233,022 | 1,531,989 | 85,143,158 | 90,968,982 | 90,206,271 | |
| LIABILITIES | | | | | | | |
| Bank overdraft | - | - | - | 1,594,871 | 1,594,871 | 1,594,871 | Level 3 |
| Short Term Loan from Banks | - | - | - | 23,988,059 | 23,988,059 | 23,988,059 | Level 3 |
| Other short term borrowings | - | - | - | 3,000 | 3,000 | 2,923 | Level 2 |
| Debentures | - | - | - | 5,000,000 | 5,000,000 | 4,667,356 | Level 2 |
| Bank Loans | - | - | - | 27,053,297 | 27,053,297 | 27,173,737 | Level 2 |
| Other long term borrowings | - | - | - | 43,172 | 43,172 | 42,857 | Level 2 |
| Deposits from customers | - | - | - | 13,542,833 | 13,542,833 | 12,429,238 | Level 2 |
| Trade and other payables | - | - | - | 6,123,755 | 6,123,755 | 6,123,755 | Level 3 |
| Amount due to related companies | - | - | - | 283,967 | 283,967 | 283,967 | Level 3 |
| Total financial liabilities | - | - | - | 77,632,954 | 77,632,954 | 76,306,763 | |

Commercial Leasing & Finance PLC
Notes to the Interim Financial Statements
For the nine months ended 31st December 2016

11. Financial assets and liabilities - Valuation technique

11.2. Accounting classifications and fair values - Company

The table below sets out the carrying amounts of the company's financial assets and financial liabilities.

Rs.000'

| As at 31st December 2016 | Fair value - derivatives | Fair value - held for trading | other comprehensive income - available for sale | Amortised cost / Not measured at fair value | Total carrying amount | Fair value | Fair value measurement level |
|---|--------------------------|-------------------------------|---|---|-----------------------|-------------------|------------------------------|
| ASSETS | | | | | | | |
| Cash and cash equivalents | - | - | - | 1,568,024 | 1,568,024 | 1,568,024 | Level 3 |
| Investment in equity securities | - | - | 1,423,847 | - | 1,423,847 | 1,423,847 | Level 1 |
| Investment in government securities | | | | | | | |
| Corporate bonds | - | - | - | - | - | - | Level 1 |
| - Measured at fair value | - | - | - | - | - | - | |
| Measured at amortized cost | - | - | - | 4,884,000 | 4,884,000 | 4,884,000 | Level 3 |
| Investment in equity securities | - | 205,218 | 66,979 | - | 272,196 | 272,196 | |
| Investment in term deposits | - | - | - | - | - | - | Level 3 |
| Finance lease receivables, hire purchases and operating leases | | | | | | | |
| Finance lease receivables | - | - | - | 14,891,907 | 14,891,907 | 13,552,735 | Level 2 |
| Hire purchase receivables | - | - | - | 6,743 | 6,743 | 228 | Level 2 |
| Advances and other loans | | | | | | | |
| Advances and other loans | - | - | - | 32,858,714 | 32,858,714 | 31,174,769 | Level 2 |
| Factoring receivables | - | - | - | 6,528,381 | 6,528,381 | 6,528,381 | Level 3 |
| Derivative assets | 11,980 | - | - | - | 11,980 | 11,980 | Level 2 |
| Amount due from related companies | - | - | - | 173 | 173 | 173 | Level 3 |
| Other Financial Assets | - | - | - | 1,399 | 1,399 | 1,399 | Level 3 |
| Total financial assets | 11,980 | 205,218 | 1,490,826 | 60,739,341 | 62,447,365 | 59,417,732 | |
| LIABILITIES | | | | | | | |
| Bank overdraft | - | - | - | 1,168,556 | 1,168,556 | 1,168,556 | Level 3 |
| Short term borrowings | | | | | | | |
| Short Term Loan from Banks | - | - | - | 25,547,890 | 25,547,890 | 25,547,890 | Level 3 |
| Long term borrowings | | | | | | | |
| Debentures | - | - | - | 5,000,000 | 5,000,000 | 4,653,440 | Level 2 |
| Bank Loans | - | - | - | 26,398,221 | 26,398,221 | 26,051,054 | Level 2 |
| Finance lease liabilities | - | - | - | - | - | - | |
| Other long term borrowings | - | - | - | - | - | - | |
| Deposits from customers | - | - | - | 13,009,818 | 13,009,818 | 13,009,818 | Level 2 |
| Trade and other payables | - | - | - | 972,577 | 972,577 | 972,577 | Level 3 |
| Derivative liabilities | 22,876 | - | - | - | 22,876 | 22,876 | |
| Amount due to related companies | - | - | - | 172,179 | 172,179 | 172,179 | Level 3 |
| Total financial liabilities | 22,876 | - | - | 72,269,241 | 72,292,117 | 71,598,390 | |
| As at 31st March 2016 | | | | | | | |
| | derivatives | for trading | other comprehensive | Not measured at | amount | Fair value | measurement |
| ASSETS | | | | | | | |
| Cash and cash equivalents | - | - | - | 836,057 | 836,057 | 836,057 | Level 3 |
| Investment in equity securities | - | 188,189 | 66,979 | - | 255,168 | 255,168 | Level 1 |
| Investment in government securities | | | | | | | |
| Corporate bonds | - | - | 1,462,200 | - | 1,462,200 | 1,462,200 | Level 1 |
| Investment in government securities | | | | | | | |
| Measured at amortized cost | - | - | - | 4,593,221 | 4,593,221 | 4,593,221 | Level 3 |
| Unit Trust | - | 4,044,622 | - | - | 4,044,622 | 4,044,622 | |
| Investment in term deposits | - | - | - | 23,559,610 | 23,559,610 | 23,559,610 | Level 3 |
| Finance lease receivables, hire purchases and operating leases | | | | | | | |
| Finance lease receivables | - | - | - | 14,671,377 | 14,671,377 | 14,789,520 | Level 2 |
| Hire purchase receivables | - | - | - | 22,105 | 22,105 | 14,548 | Level 2 |
| Advances and other loans | | | | | | | |
| Advances and other loans | - | - | - | 27,140,128 | 27,140,128 | 26,266,831 | Level 2 |
| Factoring receivables | - | - | - | 4,959,717 | 4,959,717 | 4,959,717 | Level 3 |
| Trade and other current assets | | | | | | | |
| Derivative assets | 60,812 | - | - | - | 60,812 | 60,812 | Level 2 |
| Amount due from related companies | - | - | - | 8 | 8 | 8 | Level 3 |
| Other financial assets | - | - | - | 1,341 | 1,341 | 1,341 | Level 3 |
| Total financial assets | 60,812 | 4,232,811 | 1,529,179 | 75,783,563 | 81,606,366 | 80,843,654 | |
| LIABILITIES | | | | | | | |
| Bank overdraft | - | - | - | 1,170,761 | 1,170,761 | 1,170,761 | Level 3 |
| Short term borrowings | | | | | | | |
| Short Term Loan from Banks | - | - | - | 23,988,059 | 23,988,059 | 23,988,059 | Level 2 |
| Other short term borrowings | - | - | - | 3,000 | 3,000 | 2,923 | Level 3 |
| Long term borrowings | | | | | | | |
| Debentures | - | - | - | 5,000,000 | 5,000,000 | 4,667,356 | Level 2 |
| Bank Loans | - | - | - | 27,053,297 | 27,053,297 | 27,173,737 | Level 2 |
| Finance lease liabilities | - | - | - | - | - | - | |
| Other long term borrowings | - | - | - | 43,172 | 43,172 | 42,857 | Level 2 |
| Deposits from customers | - | - | - | 12,347,646 | 12,347,646 | 11,234,051 | Level 2 |
| Trade and other payables | - | - | - | 1,282,696 | 1,282,696 | 1,282,696 | Level 3 |
| Amount due to related companies | - | - | - | 283,967 | 283,967 | 283,967 | Level 3 |
| Total financial liabilities | - | - | - | 71,172,600 | 71,172,600 | 69,846,407 | |

COMMERCIAL LEASING & FINANCE PLC
Segment Information - Group
For the nine months ended 31st December 16

| | Business Segment | | | | | |
|---|---------------------|---------------------------|-------------------|-----------------------|--------------------|-------------------|
| | Leasing Rs.' 000 | Hire Purchase Rs.' 000 | Loans Rs.' 000 | Factoring Rs.' 000 | Others Rs.' 000 | Total Rs.' 000 |
| For the nine months ended 31st December 2016 | | | | | | |
| Total revenue | 2,539,261 | 28,545 | 7,136,611 | 912,809 | 1,251,261 | 11,868,487 |
| Net interest cost | (1,265,676) | (991) | (3,491,440) | (517,733) | - | (5,275,841) |
| Profit before operating expenses | 1,273,585 | 27,554 | 3,645,171 | 395,076 | 1,251,261 | 6,592,646 |
| Operating expenses | (825,849) | (24,523) | (2,275,612) | (202,824) | (911,433) | (4,240,239) |
| Value Added Tax on financial services | - | (1,302) | (325,599) | (36,190) | - | (363,091) |
| Profit from operations | 447,736 | 1,729 | 1,043,961 | 156,064 | 339,829 | 1,989,316 |
| For the nine months ended 31st December 2015 | | | | | | |
| Total revenue | 2,473,510 | 47,073 | 4,611,324 | 486,600 | 357,137 | 7,975,644 |
| Net interest cost | (792,406) | (2,424) | (1,593,897) | (201,569) | - | (2,590,296) |
| Profit before operating expenses | 1,681,104 | 44,649 | 3,017,427 | 285,031 | 357,137 | 5,385,348 |
| Operating expenses | (1,123,825) | (22,013) | (1,698,037) | (180,160) | (177,694) | (3,201,730) |
| Value Added Tax on financial services | - | (1,881) | (184,306) | (16,484) | - | (202,671) |
| Profit from operations | 557,279 | 20,755 | 1,135,084 | 88,387 | 179,443 | 1,980,947 |
| For the nine months ended 31st December 2016 | | | | | | |
| Capital expenditure | - | - | - | - | 286,866 | 286,866 |
| Depreciation of property plant and equipment | - | - | - | - | 88,399 | 88,399 |
| Provision for/(reversal of provision for)doubtful debts and bad debts written off | 106,564 | (4,350) | 393,077 | 86,418 | - | 581,708 |
| For the nine months ended 31st December 2015 | | | | | | |
| Capital expenditure | - | - | - | - | 121,072 | 121,072 |
| Depreciation of property plant and equipment | - | - | - | - | 71,947 | 71,947 |
| Provision for/(reversal of provision for)doubtful debts and bad debts written off | 287,388 | -202 | 196,711 | 38,343 | - | 522,240 |
| As at 31 - December -2016 | | | | | | |
| Total assets | 14,862,330 | 11,639 | 43,074,585 | 6,387,378 | 34,368,765 | 98,704,697 |
| Total liabilities | 20,164,117 | 15,790 | 55,623,876 | 8,248,268 | 1,376,157 | 85,428,209 |
| As at 31 - December -2015 | | | | | | |
| Total assets | 15,119,792 | 46,250 | 31,592,132 | 3,995,236 | 11,546,940 | 62,300,350 |
| Total liabilities | 15,134,878 | 46,296 | 30,443,294 | 3,849,951 | 1,061,444 | 50,535,863 |

COMMERCIAL LEASING & FINANCE PLC
Segment Information - Company
For the nine months ended 31st December 16

| | Business Segment | | | | | |
|---|----------------------------|----------------------------------|--------------------------|------------------------------|---------------------------|--------------------------|
| | Leasing Rs.' 000 | Hire Purchase Rs.' 000 | Loans Rs.' 000 | Factoring Rs.' 000 | Others Rs.' 000 | Total Rs.' 000 |
| For the nine months ended 31st December 2016 | | | | | | |
| Total revenue | 2,516,673 | 26,338 | 4,883,777 | 914,561 | 1,159,426 | 9,500,775 |
| Net interest cost | (1,267,754) | 1,455 | (2,670,024) | (522,144) | - | (4,458,467) |
| Profit before operating expenses | 1,248,920 | 27,793 | 2,213,753 | 392,417 | 1,159,426 | 5,042,308 |
| Operating expenses | (799,693) | (14,797) | (1,312,179) | (303,323) | (647,425) | (3,077,418) |
| Value Added Tax on financial services | - | (1,300) | (241,077) | (39,242) | - | (281,619) |
| Profit from operations | 449,227 | 11,695 | 660,497 | 49,852 | 512,001 | 1,683,271 |
| For the nine months ended 31st December 2015 | | | | | | |
| Total revenue | 2,458,648 | 39,601 | 3,400,254 | 486,371 | 344,920 | 6,729,794 |
| Net interest cost | (800,505) | (1,039) | (1,215,134) | (204,973) | - | (2,221,652) |
| Profit before operating expenses | 1,658,143 | 38,562 | 2,185,120 | 281,397 | 344,920 | 4,508,142 |
| Operating expenses | (899,269) | (19,835) | (1,370,606) | (161,343) | (244,763) | (2,695,817) |
| Value Added Tax on financial services | - | (2,083) | (178,830) | (21,679) | - | (202,591) |
| Profit from operations | 758,874 | 16,644 | 635,686 | 98,374 | 100,157 | 1,609,734 |
| For the nine months ended 31st December 2016 | | | | | | |
| Capital expenditure | - | - | - | - | (223,458) | (223,458) |
| Depreciation of property plant and equipment | - | - | - | - | (77,133) | (77,133) |
| Provision for/(reversal of provision for)doubtful debts and bad debts written off | 109,364 | - | 565 | 88,548 | - | 283,765 |
| For the nine months ended 31st December 2015 | | | | | | |
| Capital expenditure | - | - | - | - | 88,702 | 88,702 |
| Depreciation of property plant and equipment | - | - | - | - | 64,749 | 64,749 |
| Provision for/(reversal of provision for)doubtful debts and bad debts written off | 277,387 | 7,529 | 180,005 | 38,343 | - | 503,264 |
| As at 31 - December -2016 | | | | | | |
| Total assets | 14,789,283 | -16,972 | 32,662,349 | 6,387,378 | 33,224,656 | 87,046,695 |
| Total liabilities | 20,998,447 | -24,097 | 44,224,960 | 8,648,537 | 252,369 | 74,100,216 |
| As at 31 - December -2015 | | | | | | |
| Total assets | 15,008,455 | 19,487 | 23,684,802 | 3,995,236 | 10,900,853 | 53,608,833 |
| Total liabilities | 14,850,033 | 19,281 | 22,541,743 | 3,802,421 | 946,436 | 42,159,913 |

COMMERCIAL LEASING & FINANCE PLC

Statement of Director's holding and Chief Executive Officer's holding in shares of the Entity

As at 31 December 2016

| | Directors Name | No. of shares | % |
|---|--|----------------------|----------|
| 1 | Mr. I. C. Nanayakkara Chairman | - | - |
| 2 | Mr. W. D. K. Jayawardena | - | - |
| 3 | Ms. K. U. Amarasinghe | - | - |
| 4 | Dr. L. J. S. H. Cabral | - | - |
| 5 | Mr. P.D.J.Fernando | - | - |
| 6 | Mr. D.M.D.K.Thilakaratne Director / CEO | - | - |

Top 20 Shareholders As At 31st December 2016

| | Shareholder | No. of Shares | % of Issued Capital |
|----|---|----------------------|----------------------------|
| 1 | LANKA ORIX LEASING COMPANY PLC | 6,308,876,426 | 98.921 |
| 2 | BROWNS INVESTMENTS PLC | 40,000,000 | 0.627 |
| 3 | SINHARAJA HILLS PLANTATION PVT LIMITED | 5,445,851 | 0.085 |
| 4 | CHEMICAL INDUSTRIES (COLOMBO)LTD/CIC/CHARITABLE & EDUCATIONNAL TRUST FUND | 4,000,000 | 0.063 |
| 5 | CEYLON BISCUITS LIMITED | 2,000,000 | 0.031 |
| 6 | SEYLAN DEVELOPMENTS PLC | 1,989,239 | 0.031 |
| 7 | MRS. N.R. MATHER | 1,000,000 | 0.016 |
| 8 | MRS. R.L. MATHER | 1,000,000 | 0.016 |
| 9 | MR. S.R. MATHER | 1,000,000 | 0.016 |
| 10 | MR. D.N.N. LOKUGE | 890,660 | 0.014 |
| 11 | MR. A.N. WILLIAM | 650,000 | 0.010 |
| 12 | MR. W. GUNARATHNE | 529,017 | 0.008 |
| 13 | MR. W.V.A.N. FERNANDO | 500,000 | 0.008 |
| 14 | SEYLAN BANK PLC/K.L.G.UDAYANANDA | 460,573 | 0.007 |
| 15 | DR. H.S.D. SOYSA | 400,100 | 0.006 |
| 16 | BANSEI SECURITIES CAPITAL (PVT)LTD/C.P.A.GUNASEKERA | 399,564 | 0.006 |
| 17 | MR. P.B. JAYASUNDARA | 260,000 | 0.004 |
| 18 | MR. S.M.M. ABDUL GHAFLOOR | 200,000 | 0.003 |
| 19 | MR. H.E.P. BABAPULLE | 200,000 | 0.003 |
| 20 | MR. J.B.W. KELEGAMA | 200,000 | 0.003 |
| | Total shares held by Top 20 Shareholders | 6,370,001,430 | 99.88% |

Public Holding Percentage as at 31st December 2016 being 1.076% comprising of 921 shareholders.