

COMMERCIAL LEASING & FINANCE PLC



**COMMERCIAL
LEASING & FINANCE**

**INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2014**

COMMERCIAL LEASING & FINANCE PLC

Statement of Financial Position

31-Mar-14 (Audited) Rs. '000	As at 30th September	Group	Company	
		2014	2014	2013
		Rs. '000	Rs. '000	Rs. '000
	Assets			
736,358	Cash & cash equivalents	582,971	528,568	376,349
215,069	Financial assets held for trading	292,689	272,265	5,293
2,545,329	Other investments	3,321,626	3,321,626	625,828
12,707,423	Rental receivables on leases & hire purchases	12,823,236	12,659,337	13,981,125
13,059,739	Loans and advances	16,452,869	16,226,839	11,012,012
1,803,034	Factoring receivables	1,858,814	1,858,814	2,431,829
370,890	Value Added Tax (VAT) recoverables	420,407	419,061	328,002
340,689	Other receivables	416,399	405,378	222,356.37
71,531	Investment in equity accounted investee	76,510	73,275	69,335
14,038	Investment property	250,330	14,038	-
-	Investment in subsidiary	-	608,635	-
-	Goodwill on acquisition (Note: 8.2)	253,271	-	-
-	Other intangible asset	20,878	-	-
1,069,814	Property, plant & equipment	1,165,438	1,056,290	394,951
32,933,914	Total Assets	37,935,440	37,444,128	29,447,081
	Liabilities and Equity			
	Liabilities			
655,802	Bank overdrafts	363,437	363,437	829,719
97,552	Derivative liabilities - fair value through profit or loss	319,114	319,114	4,420
7,678,278	Deposits liabilities	9,830,065	9,715,176	3,661,670
13,437,135	Interest bearing loans & borrowings	15,501,725	15,501,042	14,519,953
325,848	Current tax liabilities	329,813	327,971	395,907
276,213	Amounts due to related companies	103,612	103,612	390,792
956,616	Other payables	932,938	819,320	794,214
609,924	Deferred tax liabilities	628,154	609,924	484,072
40,338	Retirement benefit obligations	49,262	41,949	25,808
24,077,706	Total Liabilities	28,058,120	27,801,545	21,106,555
	Equity			
1,425,947	Stated capital	1,425,947	1,425,947	1,425,947
1,134,339	Reserves	1,195,987	1,195,987	927,947
6,295,922	Retained earnings	7,016,725	7,020,649	5,986,632
8,856,208	Equity attributable to shareholders of the Company	9,638,659	9,642,583	8,340,526
-	Non-controlling interests	238,661	-	-
-		9,877,320	-	-
32,933,914	Total Liabilities and Equity	37,935,440	37,444,128	29,447,081
1.39	Net assets value per share	1.51	1.51	1.31

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

(sgd.) Mr. W. D. K. Jayawardena
Director

12th November 2014
Colombo

COMMERCIAL LEASING & FINANCE PLC
Statement of Comprehensive Income

	Group	Company					
	For the one month ended	For the Six months ended			For the three months ended		
	30.09.2014 Unaudited Rs. ' 000	30.09.2014 Unaudited Rs. ' 000	30.09.2013 Unaudited Rs. ' 000	Variance %	30.09.2014 Unaudited Rs. ' 000	30.09.2013 Unaudited Rs. ' 000	Variance %
Interest income	663,599	3,766,527	3,636,830	4%	1,940,630	1,890,863	3%
Interest expense	<u>(204,201)</u>	<u>(1,216,474)</u>	<u>(1,330,471)</u>	(9%)	<u>(580,405)</u>	<u>(661,955)</u>	(12%)
Net interest income	459,398	2,550,053	2,306,359	11%	1,360,225	1,228,908	11%
Other operating income	55,892	244,553	57,417	326%	109,307	10,777	914%
Expenses							
Personnel costs	(74,672)	(328,255)	(284,097)	16%	(168,336)	(161,222)	4%
Premises, equipment & establishment expenses	(21,828)	(131,411)	(106,051)	24%	(68,294)	(55,586)	23%
Depreciation on property plant & equipment	(8,625)	(44,579)	(15,237)	193%	(24,120)	719	(3455%)
Net impairment loss on financial assets	(88,214)	(508,673)	(506,984)	-	(148,311)	(313,112)	(53%)
Other operating expenses	(105,137)	(636,982)	(633,253)	1%	(328,981)	(335,864)	(2%)
VAT on financial services	<u>(14,974)</u>	<u>(76,965)</u>	<u>(72,720)</u>	6%	<u>(43,295)</u>	<u>(33,498)</u>	29%
Profit from operations	201,841	1,067,741	745,434	43%	688,195	341,122	102%
Share of profit of equity accounted investee (net of tax)	2,436	1,744	4,942	(15%)	-	1,747	-
Profit before tax	204,277	1,069,485	750,376	43%	688,195	342,869	101%
Income tax expense	<u>(59,896)</u>	<u>(298,968)</u>	<u>(230,448)</u>	30%	<u>(192,696)</u>	<u>(117,453)</u>	64%
Profit for the period	144,381	770,517	519,928	48%	495,499	225,416	120%
Other comprehensive income							
Net Change in fair value of available for sale finance assets	15,876	38,979	(713)	-	31,321	(3,443)	-
Effective portion of changes in fair value of cash flow	15,659	(23,121)	(15,828)	46%	6,442	28,673	(78%)
Other comprehensive income/ (expense) for the period, net of tax	31,535	15,858	(16,541)	-	37,763	25,230	50%
Total comprehensive income for the period	175,916	786,375	503,387	56%	533,262	250,646	113%
Profit attributable to;							
Equity holders of the Company	149,290	770,517	519,928		-	-	
Non-controlling interests	(4,909)	-	-		-	-	
Profit for the period	144,381	770,517	519,928		-	-	
Total comprehensive income attributable to;							
Equity holders of the Company	180,825	786,375	503,387		-	-	
Non-controlling interests	(4,909)	-	-		-	-	
Total comprehensive income for the period	175,916	786,375	503,387		-	-	
Earnings per share Rs.	0.02	0.12	0.08		0.08	0.04	

Figures in brackets indicate deductions

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

For the six months ended 30 September 2014

	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
Balance as at 1st April 2013	1,425,947	56,873	12,415	(23)	288,080	347,805	191,690	5,514,353	7,837,139
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	-	519,928	519,928
Other comprehensive income	-	-	(15,828)	(713)	-	-	-	-	(16,541)
Total comprehensive income for the period	-	-	(15,828)	(713)	-	-	-	519,928	503,387
Transferred to/(from) during the period	-	-	-	-	-	-	47,649	(47,649)	-
Balance as at 30th September 2013	1,425,947	56,873	(3,413)	(736)	288,080	347,805	239,338	5,986,632	8,340,526
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	-	416,030	416,030
Other comprehensive income	-	98,788	679	30,071	-	-	-	(10,206)	119,332
Total comprehensive income for the period	-	98,788	679	30,071	-	-	-	405,824	535,362
Deferred tax on revaluation	-	(19,681)	-	-	-	-	-	-	(19,681)
Transferred to/(from) during the period	-	-	-	-	-	46,798	49,737	(96,535)	-
Balance as at 31 st March 2014	1,425,947	135,980	(2,734)	29,335	288,080	394,603	289,075	6,295,922	8,856,208
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	-	770,517	770,517
Other comprehensive income	-	-	(23,121)	38,979	-	-	-	-	15,858
Total comprehensive income for the period	-	-	(23,121)	38,979	-	-	-	770,517	786,375
Transferred to/(from) during the period	-	-	-	-	-	-	45,790	(45,790)	-
Balance as at 30th September 2014	1,425,947	135,980	(25,855)	68,314	288,080	394,603	334,865	7,020,649	9,642,583

Market prices of ordinary shares recorded during the quarter ended

	30-Sep-14	30-Sep-13
Highest price (Rs.)	5.50	4.30
Lowest price (Rs.)	4.00	3.30
Last traded price (Rs.)	4.50	3.90

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

For the one month ended 30 September 2014

	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
Adjustment due to consolidation	1,425,947	135,980	(41,514)	52,439	288,080	394,603	298,004	6,904,296	9,457,834	-	9,457,834
Acquisition of NCI (Note-8.2)	-	-	-	-	-	-	-	-	-	243,570	243,570
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	149,290	149,290	(4,909)	144,381
Other comprehensive income	-	-	15,659	15,875	-	-	-	-	31,535	-	31,535
Total comprehensive income for the period	-	-	15,659	15,875	-	-	-	149,290	180,825	(4,909)	175,916
Transferred to/(from) during the period	-	-	-	-	-	-	36,861	(36,861)	-	-	-
Balance as at 30th September 2014	1,425,947	135,980	(25,855)	68,314	288,080	394,603	334,865	7,016,725	9,638,659	238,661	9,877,320

COMMERCIAL LEASING & FINANCE PLC
Statement of Cash Flow

	<u>Group</u>	<u>Company</u>	
	For the one month ended	For the Six months ended	
	30.09.2014	30.09.2014	30.09.2013
	Rs. '000	Rs. '000	Rs. '000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before income tax expense	204,277	1,069,485	750,376
Adjustment for:			
Depreciation and amortization	8,625	44,579	15,237
Provision for gratuity	2,733	2,321	2,511
Allowances for doubtful debts	88,214	508,673	506,984
Provision for fall/(increase) in value of investments	(37,296)	(57,014)	(20)
Investment income	-	(5,643)	(126)
Interest cost	204,201	1,216,474	1,330,471
Share of profit of equity accounted investees	(2,436)	(1,744)	(4,942)
Reversal of provision For specific doubtful debts	(120,546)	(1,164,268)	(891,782)
Interest on treasury bonds, bills and repos	(10,971)	(145,950)	(26,975)
Operating profit before working capital changes	<u>336,802</u>	<u>1,466,913</u>	<u>1,681,734</u>
Working capital changes			
(Increase)/decrease in accounts receivables & others	3,865	(24,638)	(67,621)
Increase/(decrease) in accounts payables	(709,684)	293,229	(210,913)
(Increase)/decrease investment in leases	(31,170)	426,506	861,163
(Increase)/decrease in factoring account receivable	120,364	208,045	284,245
(Increase)/decrease investment in advances and other loans	(402,820)	(3,153,750)	(3,200,868)
Cash generated from operations	<u>(682,643)</u>	<u>(783,695)</u>	<u>(652,260)</u>
Interest paid	(204,201)	(1,169,024)	(1,444,239)
Income tax paid	(2,921)	(296,844)	(119,290)
Gratuity paid	(2,232)	(710)	(1,482)
Net cash from /(used in) operating activities	<u>(891,997)</u>	<u>(2,250,273)</u>	<u>(2,217,271)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net cash and cash equivalents on acquisition of subsidiary (Note 10.2)	(697,814)	(608,635)	-
Purchased of property, plant and equipment	(14,417)	(31,055)	(40,637)
Purchase/Disposal of short term investments	693,066	(738,026)	(143,301)
Interest received	10,970	145,950	26,975
Dividend received	-	5,643	126
Net cash flow from investing activities	<u>(8,195)</u>	<u>(1,226,123)</u>	<u>(156,837)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Net proceed from short term borrowings	2,315,053	3,550,000	1,061,410
Net proceed from customer deposits	590,610	2,036,898	699,387
Proceeds from long term loans	-	-	2,139,174
Repayments of long term loans	(1,602,203)	(2,025,899)	(1,872,638)
Net cash generated from financing activities	<u>1,303,460</u>	<u>3,560,999</u>	<u>2,027,333</u>
Net increase/(decrease) in cash & cash equivalents during the period	<u>403,268</u>	<u>84,602</u>	<u>(346,775)</u>
Cash & cash equivalents at the beginning of the period	<u>(183,734)</u>	<u>80,529</u>	<u>(106,595)</u>
Cash & cash equivalents at the end of the period	<u>219,534</u>	<u>165,131</u>	<u>(453,370)</u>
Analysis of cash & cash equivalents at the end of the period			
Cash at bank and in hand	582,971	528,568	376,349
Bank overdraft	(363,437)	(363,437)	(829,719)
	<u>219,534</u>	<u>165,131</u>	<u>(453,370)</u>

Commercial Leasing & Finance PLC
Notes to the Interim Financial Statements

1. The Statement of Financial Position as at 30 September 2014, the Statement of Comprehensive Income, Cash Flow Statements and Statements of Changes in Equity of the Company & the Group for the six months ended 30 September 2014 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 methods of computation as stated in the Annual report for the year 2013/14 are followed in preparing of these Interim
3. The Stated Capital of the Company & Group is represented by 6,377,311,170 ordinary shares.
4. Income represents the 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 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 is 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. Acquisition of BRAC Lanka Finance PLC

In September 2014, the Company, acquired 59.33% of the voting rights of BRAC Lanka Finance PLC whose principal activity is operating as a Microfinance Company. The acquisition has been accounted for using the acquisition method. Income statement & cash flow statement of the group have been prepared for one month period ended 30 September 2014 which is the post acquisition period of the Group.

The provisional fair values of the identifiable assets and liabilities of BRAC Lanka Finance PLC (based on un-audited financial statements) as at the date of acquisition were;

	Rs. 000'
8.1) Assets	
Short term investments	931,674
Trade and other current assets	1,666,728
Property, plant and equipment	98,813
Intangible Assets	20,967
Investment property	236,292
	2,954,474
Liabilities	
Bank overdrafts	89,179
Deposit liabilities	111,671
Interest bearing loans & borrowings	1,607,306
Income Tax Payable	4,763
Deferred taxation	18,230
Retirement benefit obligations	7,211
Trade and other payables	517,079
	2,355,438
Equity	
Stated capital	171,180
Reserves	191,912
Retained earnings	235,841
	598,934

8.2) Goodwill on acquisition is recognized as follows

Fair value of consideration paid	608,635
Non-controlling interests acquired	243,570
	852,205
Fair value of Identifiable net assets acquired	598,934
Resulted gain on a bargain purchase	253,271

9. No material events have arisen after the Balance Sheet date that would require adjustments to these Interim Financial Statements or disclosure other than the following.
 The Company, having acquired 59.33% of the equity of BRAC, made a mandatory offer to all the remaining shareholders of BRAC Lanka Finance PLC. The Company presently holds 94% of its equity.
10. There are no significant changes in the nature of the contingent liabilities disclosed in the Annual Report for the year ended 31 March 2014.

COMMERCIAL LEASING & FINANCE PLC
Segment Information - Company
For the 6 months ended 30th September

	Business Segment					
	Leasing Rs.' 000	Hire Purchase Rs.' 000	Loans Rs.' 000	Factoring Rs.' 000	Others Rs.' 000	Total Rs.' 000
For the six months ended 30 September 2014						
Total revenue	1,625,967	114,735	1,759,512	266,313	244,553	4,011,080
Net interest cost	(512,707)	(24,127)	(607,343)	(72,297)	-	(1,216,474)
Profit before operating expenses	1,113,260	90,608	1,152,169	194,016	244,553	2,794,606
Operating expenses	(759,152)	(78,160)	(619,727)	(92,995)	(99,867)	(1,649,900)
Value Added Tax on financial services	-	(2,818)	(74,146)	-	-	(76,965)
Profit from operations	354,108	9,630	458,296	101,021	144,686	1,067,741
For the six months ended 30 September 2013						
Total revenue	1,650,715	367,953	1,250,342	367,819	57,417	3,694,246
Net interest cost	(614,361)	(76,072)	(524,263)	(115,775)	-	(1,330,471)
Profit before operating expenses	1,036,354	291,881	726,079	252,044	57,417	2,363,775
Operating expenses	(716,139)	(160,902)	(476,249)	(167,103)	(25,228)	(1,545,621)
Value Added Tax on financial services	-	(8,925)	(63,795)	-	-	(72,720)
Profit from operations	320,215	122,054	186,035	84,941	32,189	745,434
For the six months ended 30 September 2014						
Capital expenditure	-	-	-	-	31,055	31,055
Depreciation of property plant and equipment	-	-	-	-	44,579	44,579
Provision for/(reversal of provision for)doubtful debts and bad debts written off	304,532	41,159	149,218	13,764	-	508,673
For the six months ended 30 September 2013						
Capital expenditure	-	-	-	-	40,637	40,637
Depreciation of property plant and equipment	-	-	-	-	15,237	15,237
Provision for/(reversal of provision for)doubtful debts and bad debts written off	260,767	32,650	157,212	56,355	-	506,984
As at 30- September -2014						
Total assets	12,642,486	594,928	15,645,207	1,862,369	6,699,138	37,444,128
Total liabilities	11,170,047	525,638	13,231,816	1,575,085	1,298,959	27,801,545
As at 30- September -2013						
Total assets	12,440,692	1,540,433	11,012,011	2,431,829	2,022,116	29,447,081
Total liabilities	9,325,910	1,154,754	7,958,233	1,757,451	910,207	21,106,555

COMMERCIAL LEASING & FINANCE PLC
Segment Information - Group
For the one month ended 30th September 2014

	Business Segment					
	Leasing Rs.' 000	Hire Purchase Rs.' 000	Loans Rs.' 000	Factoring Rs.' 000	Others Rs.' 000	Total Rs.' 000
For the one month ended 30 September 2014						
Total revenue	269,090	17,287	337,809	39,412	55,893	719,491
Net interest cost	(82,058)	(4,291)	(105,888)	(11,964)	-	(204,201)
Profit before operating expenses	187,032	12,996	231,921	27,448	55,893	515,290
Operating expenses	(95,401)	(8,291)	(109,975)	(7,885)	(76,923)	(298,475)
Value Added Tax on financial services	-	(558)	(14,416)	-	-	(14,974)
Profit from operations	91,631	4,147	107,530	19,563	(21,030)	201,841
For the one month ended 30 September 2014						
Capital expenditure	-	-	-	-	14,417	14,417
Depreciation of property plant and equipment	-	-	-	-	8,625	8,625
Provision for/(reversal of provision for)doubtful debts and bad debts written off	19,084	2,988	15,340	(3,315)	54,117	88,214
As at 30- September -2014						
Total assets	12,185,987	637,249	16,452,869	1,858,814	6,800,521	37,935,440
Total liabilities	10,742,220	561,749	13,861,735	1,566,073	1,326,344	28,058,120

COMMERCIAL LEASING & FINANCE PLC

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

As at 30th September 2014

	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.Thilakarathne Director / CEO	-	-

Top 20 Shareholders As At 30th September 2014

	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	4,456,332	0.070
4	CHEMICAL INDUSTRIES (COLOMBO) LTD/CIC CHARITABLE & EDUCATIONAL TRUST FUND	4,000,000	0.063
5	CEYLON BISCUITS LIMITED	2,000,000	0.031
6	SEYLAN DEVELOPMENTS PLC	2,000,000	0.031
7	MR. D.N.N. LOKUGE	1,115,031	0.017
8	MISS N.R. MATHER	1,000,000	0.016
9	MRS. R.L. MATHER	1,000,000	0.016
10	MR. S.R. MATHER	1,000,000	0.016
11	MR. A.N. WILLIAM	650,000	0.010
12	MR. W.V.A.N. FERNANDO & MRS.K.M.M.V.R.JAYASURIYA	500,000	0.008
13	MR. C.P.A. GUNASEKERA	500,000	0.008
14	DR. H.S.D.SOYSA	400,100	0.006
15	MRS R A D R P KUMARI	285,779	0.004
16	MR. P.B.JAYASUNDARA	260,000	0.004
17	MR. S.M.M.ABDUL GHAFFOOR	200,000	0.003
18	MR H.E.P.BABAPULLE	200,000	0.003
19	MR N.B.R.T.BALALLE	200,000	0.003
20	MR M.D.M.S.FERNANDO	200,000	0.003
Total shares held by Top 20 Shareholders		6,368,843,668	99.861

Public Holding Percentage as at 30th September being 1.08% comprising of 815 shareholders.