

Commercial Leasing & Finance PLC

FINANCIAL STATEMENTS
COMMERCIAL LEASING & FINANCE
For the Year Ended 31st March 2017

INCOME STATEMENT

	Group		Company	
	For the year ended 31 st March		For the year ended 31 st March	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Interest income	14,021,537	9,870,500	10,898,203	8,110,089
Interest expense	(7,264,172)	(3,937,804)	(6,125,876)	(3,372,544)
Net interest income	6,757,365	5,932,696	4,772,327	4,737,545
Other operating income	2,457,770	1,382,779	2,331,372	1,280,641
Total operating income	9,215,135	7,315,475	7,103,699	6,018,186
Impairment for loans and other losses				
Individual impairment	(634,796)	(579,809)	(554,858)	(579,809)
Collective impairment	(418,828)	(56,604)	(157,219)	8,154
Net operating income	8,161,512	6,679,062	6,391,622	5,446,531
Personnel expenses	(1,613,748)	(1,217,922)	(1,103,658)	(870,769)
Depreciation and amortization	(124,581)	(97,400)	(109,606)	(87,034)
Other expenses	(3,292,931)	(2,743,014)	(2,525,919)	(2,217,819)
Operating profit before Value Added Tax (VAT) and NBT	3,130,252	2,620,726	2,652,440	2,270,911
VAT on financial services and NBT	(582,930)	(360,088)	(457,911)	(270,658)
Operating profit after VAT and NBT	2,547,322	2,260,638	2,194,529	2,000,253
Share of profits of associates	10,245	8,013	10,245	8,013
Profit before tax	2,557,567	2,268,651	2,204,774	2,008,266
Tax expenses	(651,336)	(542,747)	(518,471)	(433,883)
Profit for the year	1,906,231	1,725,904	1,686,303	1,574,383
Attributable to:				
Equity holders of the Company	1,896,644	1,717,346	1,686,303	1,574,383
Non-controlling interests	9,587	8,558	-	-
Profit for the year	1,906,231	1,725,904	1,686,303	1,574,383
Basic/Diluted earnings per ordinary share (Rs.)	0.30	0.27	0.26	0.25

Figures in brackets indicate deductions.

STATEMENT OF COMPREHENSIVE INCOME

	Group		Company	
	For the year ended 31 st March		For the year ended 31 st March	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Profit for the year	1,906,231	1,725,904	1,686,303	1,574,383
Other comprehensive income, net of tax				
Changes in revaluation surplus	747,892	-	747,892	-
Actuarial gains and losses on defined benefit plans	(5,626)	(7,812)	(8,591)	5,500
Net change in fair value of available for sale finance assets	(42,069)	(127,760)	(40,107)	(127,517)
Effective portion of changes in fair value of cash flow hedges	18,493	226,341	18,493	226,341
Share of other comprehensive income from equity accounted investee	199	(376)	199	(376)
Income tax recognised in other comprehensive income	(26,912)	-	(26,082)	-
Other comprehensive income for the year, net of tax	691,978	90,394	691,805	103,947
Total comprehensive income for the year	2,598,208	1,816,297	2,378,108	1,678,331
Attributable to:				
Equity holders of the Company	2,588,623	1,808,505	2,378,108	1,678,331
Non-controlling interests	9,585	7,792	-	-
Total comprehensive income for the year	2,598,208	1,816,297	2,378,108	1,678,331

STATEMENT OF FINANCIAL POSITION

	Group		Company	
	As at 31.03.2017 Rs. '000	As at 31.03.2016 Rs. '000	As at 31.03.2017 Rs. '000	As at 31.03.2016 Rs. '000
	Assets			
Cash and cash equivalents	2,150,420	2,280,295	1,487,849	836,057
Other financial assets held-for-trading	2,715,175	4,232,811	2,715,175	4,232,811
Other investments	16,650,125	29,745,985	15,753,954	29,742,822
Loans and receivables - Leases	14,070,619	14,745,332	13,971,615	14,671,377
Loans and receivables - Hire purchase	10,656	38,158	1,133	22,105
Loans and receivables - Others	49,946,055	38,911,686	39,930,830	32,099,845
Value Added Tax (VAT) recoverable	264,969	299,176	264,969	253,887
Deferred tax assets	-	2,048	-	-
Investment in subsidiary	-	-	1,023,302	967,863
Investment in associates	83,059	75,854	83,059	75,854
Goodwill on acquisition	253,211	253,211	-	-
Amounts due from related companies	4,189	144	-	8
Other receivables	570,241	407,238	501,484	385,494
Investment properties	46,000	-	46,000	-
Intangible assets	5,943	3,286	5,943	3,286
Property, plant and equipment	2,120,039	1,141,540	1,975,784	1,067,545
Total assets	88,890,701	92,136,764	77,761,097	84,358,954
Liabilities				
Due to banks	1,805,044	1,594,871	1,390,807	1,170,761
Due to customers	18,749,265	13,528,663	15,935,942	12,347,646
Other borrowings	46,317,070	58,527,964	44,266,931	56,595,911
Current tax liabilities	520,758	588,903	413,645	464,455
Deferred tax liabilities	347,867	357,932	337,045	357,932
Amounts due to related companies	5,360,026	4,117,851	84,598	283,967
Retirement benefit obligations	95,895	71,097	72,300	50,342
Other payables	1,165,472	1,362,947	1,084,294	1,290,512
Total liabilities	74,361,397	80,150,227	63,585,563	72,561,526
Equity				
Stated capital	1,425,947	1,425,947	1,425,947	1,425,947
Statutory reserve fund	660,370	565,538	628,919	544,604
Retained earnings	11,417,908	9,617,451	11,039,654	9,443,652
Other reserves	1,022,386	326,557	1,081,014	383,223
Equity attributable to shareholders of the Company	14,526,610	11,935,491	14,175,534	11,797,426
Non-controlling interests	2,694	51,045	-	-
Total equity and liabilities	88,890,701	92,136,764	77,761,097	84,358,954
Net assets value per ordinary share (Rs.)	2.28	1.87	2.22	1.85

Commercial Leasing & Finance PLC

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COMMERCIAL LEASING & FINANCE PLC
Report on the Financial Statements

We have audited the accompanying financial statements of Commercial Leasing & Finance PLC, ("the Company"), and the consolidated financial statements of the Company and its subsidiary ("Group"), which comprise the statement of financial position as at March 31, 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at March 31, 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

- The basis of opinion and scope and limitations of the audit are as stated above
- In our opinion:
 - we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company,
 - The financial statements of the Company give a true and fair view of its financial position as at March 31, 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.
 - The financial statements of the Company, and the Group comply with the requirements of sections 151 and 153 of the Companies Act No. 07 of 2007.

CHARTERED ACCOUNTANTS
Colombo,
15th June 2017.

SELECTED PERFORMANCE INDICATORS

Item	As at 31.03.2017	As at 31.03.2016
Regulatory Capital Adequacy		
Core Capital (Tier I Capital), Rs. '000	13,300,341	11,627,229
Total Capital Base, Rs. '000	12,277,039	10,592,566
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum requirement, 5%)	21.11%	20.22%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum requirement, 10%)	19.49%	18.42%
Capital Funds to Deposit Liabilities Ratio (Minimum requirement, 10%)	83.46%	94.17%
Assets Quality (Quality of Loan Portfolio)		
Gross Non-Performing Accommodations, Rs. '000	1,054,000	516,517
Gross Non-Performing Accommodations Ratio, %	1.93%	1.09%
Net-Non Performing Accommodations Ratio, %	0.58%	0.07%
Profitability (%)		
Interest Margin	9.48%	12.94%
Return on Assets (before tax)	2.72%	3.17%
Return on Equity (after tax)	12.99%	14.37%
Regulatory Liquidity (Rs. '000)		
Required Minimum Amount of Liquid Assets	2,771,928	2,097,440
Available Amount of Liquid Assets	3,703,502	2,520,848
Required Minimum Amount of Government Securities	3,214,962	1,939,561
Available Amount of Government Securities	3,300,000	2,150,000
Memorandum Information		
Number of Employees	1,116	800
Number of Branches	54	53
Number of Service Centers	7	7

We, the undersigned, being the Chief Executive Officer of COMMERCIAL LEASING & FINANCE PLC and the Chief Financial Officer of LOLC Group certify jointly that:

- the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka;
- the information contained in these statements have been extracted from the audited financial statements of the Licensed Finance Company.

(sgd)

Mr. D.M.D.K. Thilakarathne
Director/Chief Executive Officer

(sgd)

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

15th June 2017
Colombo.