

**COMMERCIAL LEASING & FINANCE**



**INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED 31 DECEMBER 2020**

**COMMERCIAL LEASING & FINANCE PLC**

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**As at 31st December 2020**

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**COMMERCIAL LEASING & FINANCE PLC**

**Statement of Financial Position**

| 31-Mar-20<br>(Audited)        | As at 31st December  | 2020<br>Unaudited | 2019<br>Unaudited |
|-------------------------------|--|-------------------|-------------------|
| Rs. '000                      |  | Rs. '000          | Rs. '000          |
| <b>Assets</b>                 |  |                   |                   |
| 2,134,742                     | Cash & cash equivalents  | 2,369,915         | 2,070,058         |
| 3,095,093                     | Financial assets recognised through profit or loss (FVTPL)                       | 1,853,891         | 3,608,515         |
| 4,051,251                     | Investment securities - Other investments  | 5,829,738         | 4,609,043         |
| 12,330,761                    | Financial assets at amortised cost/ Finance lease receivables and hire purchases | 13,001,661        | 12,414,972        |
| 40,447,903                    | Financial assets at amortised cost/ loans, advances receivables                  | 41,621,458        | 39,061,115        |
| 1,359,907                     | Factoring receivables  | 895,426           | 1,441,950         |
| 245,942                       | Other current assets   | 175,112           | 220,671           |
| 1,496,429                     | Investment in equity accounted investee  | 1,605,220         | 1,517,345         |
| 2,768,230                     | Investment properties  | 3,121,364         | 2,478,625         |
| 232                           | Intangible assets  | 19                | 557               |
| 1,187,870                     | Property, plant & equipment  | 1,313,842         | 1,222,017         |
| 513,315                       | Right to Use Asset   | 484,889           | 535,052           |
| 69,631,675                    | <b>Total Assets</b>  | <b>72,272,534</b> | <b>69,179,920</b> |
| <b>Liabilities and Equity</b> |  |                   |                   |
| <b>Liabilities</b>            |  |                   |                   |
| 384,978                       | Bank overdrafts  | 883,362           | 1,325,733         |
| -                             | Derivative liabilities held for risk management                                  | 47,276            | 145,309           |
| 24,945,669                    | Financial Liabilities at Amortised Cost  | 29,742,037        | 24,977,663        |
| 22,170,526                    | Interest bearing loans & borrowings  | 16,125,217        | 21,077,098        |
| 503,116                       | Lease Liability  | 478,591           | 510,838           |
| 492,862                       | Current tax liabilities  | 738,359           | 396,344           |
| 58,373                        | Amounts due to related companies   | 100,559           | 66,246            |
| 1,578,512                     | Trade and other payables   | 2,762,055         | 1,372,097         |
| 404,636                       | Deferred tax liabilities   | 177,734           | 597,568           |
| 168,440                       | Retirement benefit obligations   | 211,818           | 121,544           |
| 50,707,113                    | <b>Total Liabilities</b>   | <b>51,267,007</b> | <b>50,590,439</b> |
| <b>Equity</b>                 |  |                   |                   |
| 1,425,947                     | Stated capital   | 1,425,947         | 1,425,947         |
| 2,036,872                     | Reserves   | 2,216,002         | 1,984,916         |
| 15,461,743                    | Retained earnings  | 17,363,578        | 15,178,619        |
| 18,924,562                    | <b>Equity attributable to shareholders of the Company</b>                        | <b>21,005,527</b> | <b>18,589,481</b> |
| 69,631,675                    | <b>Total Liabilities and Equity</b>  | <b>72,272,534</b> | <b>69,179,920</b> |
| 2.97                          | Net assets value per share   | 3.29              | 2.91              |

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.

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**Mrs. Deshanghi Ranasinghe**  
**Head of Finance**

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.T.Sanakan**  
**Director**

sgd.

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

**13th February 2021**  
**Colombo**

**COMMERCIAL LEASING & FINANCE PLC**
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHANSIVE INCOME**

|   | For the nine months ended |                        |          | For the three months ended |                        |          |
|---|---------------------------|------------------------|----------|----------------------------|------------------------|----------|
|   | 31.12.2020                | 31.12.2019             | Variance | 31.12.2020                 | 31.12.2019             | Variance |
|   | Unaudited<br>Rs. ' 000    | Unaudited<br>Rs. ' 000 | %        | Unaudited<br>Rs. ' 000     | Unaudited<br>Rs. ' 000 | %        |
| <b>Interest income</b>  | <b>9,417,687</b>          | 9,552,112              | (1%)     | 3,279,017                  | 3,193,130              | 3%       |
| Interest expense  | <u>(3,677,097)</u>        | <u>(4,758,611)</u>     | 23%      | <u>(1,107,711)</u>         | <u>(1,534,046)</u>     | 28%      |
| <b>Net interest income</b>  | <b>5,740,590</b>          | 4,793,501              | 20%      | 2,171,306                  | 1,659,084              | 31%      |
| Net income from other financial instruments at FVTPL                                  | <b>353,786</b>            | 349,108                | 1%       | 183,316                    | 178,638                | 3%       |
| Other operating income  | <b>1,435,233</b>          | 1,162,328              | 23%      | 795,838                    | 343,311                | 132%     |
| <b>Expenses</b>   |                           |                        |          |                            |                        |          |
| Direct expenses excluding finance costs   | <b>(187,983)</b>          | (178,428)              | (5%)     | (87,960)                   | (73,316)               | (20%)    |
| Personnel Expenses  | <b>(1,068,377)</b>        | (1,082,467)            | 1%       | (416,668)                  | (360,013)              | (16%)    |
| Premises, equipment & establishment expenses  | <b>(237,377)</b>          | (376,003)              | 37%      | (83,955)                   | (125,971)              | 33%      |
| Depreciation on property plant & equipment  | <b>(216,463)</b>          | (205,964)              | (5%)     | (74,390)                   | (137,691)              | 46%      |
| Net impairment loss on financial assets   | <b>(1,910,253)</b>        | (1,502,462)            | (27%)    | 325,785                    | (457,315)              | -        |
| Other operating expenses  | <b>(1,204,829)</b>        | (954,713)              | (26%)    | <u>(442,359)</u>           | <u>(230,463)</u>       | (92%)    |
| <b>Results from operating activities before value added tax on financial services</b> | <b>2,704,326</b>          | 2,004,900              | 35%      | 2,370,913                  | 796,264                | 198%     |
| Value added tax on financial services   | <b>(463,389)</b>          | (486,056)              | 5%       | <u>(357,845)</u>           | <u>(228,878)</u>       | (56%)    |
| <b>Results from operating activities</b>  | <b>2,240,937</b>          | 1,518,844              | 48%      | 2,013,068                  | 567,386                | 255%     |
| Share of profit of equity accounted investee (net of tax)                             | <b>107,763</b>            | 76,480                 |          | 86,553                     | 39,660                 | 118%     |
| <b>Profit before income tax</b>   | <b>2,348,700</b>          | 1,595,324              | 47%      | 2,099,621                  | 607,046                | 246%     |
| Income tax expense  | <b>(426,380)</b>          | (432,177)              | 1%       | <u>(366,601)</u>           | <u>(165,768)</u>       | (121%)   |
| <b>Profit for the period</b>  | <b>1,922,320</b>          | 1,163,147              | 65%      | 1,733,019                  | 441,278                | 293%     |
| <b>Other comprehensive income</b>   |                           |                        |          |                            |                        |          |
| <b>Items that will not be classified to profit or loss</b>                            |                           |                        |          |                            |                        |          |
| Effective portion of changes in fair value of cash flow                               | <b>43,512</b>             | (23,710)               | 0%       | (94,210)                   | 19,251                 | (589%)   |
| Actuarial losses on defined benefit plan  | <b>(22,282)</b>           | -                      | -        | -                          | -                      | -        |
| <b>Items that are or may be reclassified subsequently to profit or loss</b>           |                           |                        |          |                            |                        |          |
| Net Change in fair value of available for sale finance assets                         | <b>(5,004)</b>            | (8,489)                | 41%      | 47,365                     | (8,581)                | -        |
| Share of other comprehensive income from equity accounted investee                    | <b>1,029</b>              | -                      | -        | -                          | -                      | -        |
| Revaluation of property, plant and equipment  | <b>141,390</b>            | -                      | -        | -                          | -                      | -        |
| <b>Other comprehensive income/ (expense) for the period, net of tax</b>               | <b>158,645</b>            | (32,199)               | -        | <u>(46,845)</u>            | <u>10,670</u>          | (539%)   |
| <b>Total comprehensive income for the period</b>                                      | <b>2,080,965</b>          | 1,130,948              | 84%      | <u>1,686,174</u>           | <u>451,948</u>         | 273%     |
| <b>Earnings per share Rs.</b>   | <b>0.30</b>               | <b>0.18</b>            |          | <b>0.27</b>                | <b>0.07</b>            |          |

Figures in brackets indicate deductions

**COMMERCIAL LEASING & FINANCE PLC**
**Statement of changes in equity**
**For the nine months ended 31st December 2020**

|   | Stated Capital<br>Rs. 000 | Revaluation<br>Reserves<br>Rs. 000 | Hedging reserve<br>Rs. 000 | Fair Value<br>Reserve on AFS<br>Rs. 000 | General Reserve<br>Rs. 000 | Statutory Reserves<br>Rs. 000 | Retained Earnings<br>Rs. 000 | Total<br>Rs. 000  |
|---|---------------------------|------------------------------------|----------------------------|---|----------------------------|-------------------------------|------------------------------|-------------------|
| <b>Balance as at 01 st April 2019</b>                                 | <b>1,425,947</b>          | <b>944,502</b>                     | <b>(30,233)</b>            | <b>18,725</b>                           | <b>288,080</b>             | <b>796,040</b>                | <b>14,015,472</b>            | <b>17,458,533</b> |
| <b>Total comprehensive income for the period</b>                      |                           |                                    |                            |   |                            |                               |                              |                   |
| Profit for the period   | -                         | -                                  | -                          | -                                       | -                          | -                             | 1,163,147                    | 1,163,147         |
| Other comprehensive income  | -                         | -                                  | (23,710)                   | (8,489)                                 | -                          | -                             | -                            | (32,199)          |
| <b>Total comprehensive income for the period</b>                      | <b>-</b>                  | <b>-</b>                           | <b>(23,710)</b>            | <b>(8,489)</b>                          | <b>-</b>                   | <b>-</b>                      | <b>1,163,147</b>             | <b>1,130,948</b>  |
| Transferred to/(from) during the year                                 | -                         | -                                  | -                          | -                                       | -                          | -                             | -                            | -                 |
| <b>Balance as at 31st December 2019</b>                               | <b>1,425,947</b>          | <b>944,502</b>                     | <b>(53,943)</b>            | <b>10,235</b>                           | <b>288,080</b>             | <b>796,040</b>                | <b>15,178,619</b>            | <b>18,589,481</b> |
| <b>Total comprehensive income for the year</b>                        |                           |                                    |                            |   |                            |                               |                              |                   |
| Profit for the year   | -                         | -                                  | -                          | -                                       | -                          | -                             | 383,699                      | 383,699           |
| <b>Other comprehensive income for the year</b>                        |                           |                                    |                            |   |                            |                               |                              |                   |
| Other comprehensive income  | -                         | -                                  | (30,335)                   | (10,304)                                | -                          | -                             | (28,325)                     | (68,964)          |
| Share of other comprehensive income from equity<br>accounted investee | -                         | -                                  | -                          | -                                       | -                          | -                             | (2,838)                      | (2,838)           |
| Tax on other comprehensive income                                     | -                         | -                                  | 15,133                     | 120                                     | -                          | -                             | 7,931                        | 23,184            |
| <b>Total comprehensive income for the year</b>                        | <b>-</b>                  | <b>-</b>                           | <b>(15,202)</b>            | <b>(10,183)</b>                         | <b>-</b>                   | <b>-</b>                      | <b>360,468</b>               | <b>335,082</b>    |
| Transferred to/(from) during the year                                 | -                         | -                                  | -                          | -                                       | -                          | 77,342                        | (77,342)                     | -                 |
| <b>Balance as at 31st March 2020</b>                                  | <b>1,425,947</b>          | <b>944,502</b>                     | <b>(69,145)</b>            | <b>52</b>                               | <b>288,080</b>             | <b>873,383</b>                | <b>15,461,744</b>            | <b>18,924,562</b> |
| <b>Total comprehensive income for the period</b>                      |                           |                                    |                            |   |                            |                               |                              |                   |
| Profit for the period   | -                         | -                                  | -                          | -                                       | -                          | -                             | 1,922,320                    | 1,922,320         |
| Share of other comprehensive income from equity<br>accounted investee | -                         | -                                  | -                          | -                                       | -                          | -                             | 1,029                        | 1,029             |
| Actuarial losses on defined benefit plan                              | -                         | -                                  | -                          | -                                       | -                          | -                             | (22,282)                     | (22,282)          |
| Other comprehensive income  | -                         | 140,624                            | 43,512                     | (5,004)                                 | -                          | -                             | 766                          | 179,898           |
| <b>Total comprehensive income for the period</b>                      | <b>-</b>                  | <b>140,624</b>                     | <b>43,512</b>              | <b>(5,004)</b>                          | <b>-</b>                   | <b>-</b>                      | <b>(20,486)</b>              | <b>158,645</b>    |
| Transferred to/(from) during the year                                 | -                         | -                                  | -                          | -                                       | -                          | -                             | -                            | -                 |
| <b>Balance as at 31st December 2020</b>                               | <b>1,425,947</b>          | <b>1,085,125</b>                   | <b>(25,633)</b>            | <b>(4,951)</b>                          | <b>288,080</b>             | <b>873,383</b>                | <b>17,363,578</b>            | <b>21,005,527</b> |

**COMMERCIAL LEASING & FINANCE PLC****STATEMENT OF CASH FLOW**

| <b>For the nine months ended</b>  | <b>31.12.2020</b>  | <b>31.12.2019</b>  |
|---|--------------------|--------------------|
|   | <b>Rs. '000</b>    | <b>Rs. '000</b>    |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                                      |                    |                    |
| Profit before income tax expense  | 2,348,700          | 1,595,324          |
| <b>Adjustment for:</b>  |                    |                    |
| Depreciation and amortization   | 109,715            | 105,074            |
| Amortization of RTU Asset   | 106,748            | 100,890            |
| Provision for gratuity  | 31,802             | 13,607             |
| Allowances for doubtful debts   | 1,910,253          | 1,502,462          |
| Provision for fall in value of investments                                      | (353,786)          | (349,108)          |
| Dividend Income   | (2,633)            | (241)              |
| Interest cost   | 3,657,232          | 4,709,593          |
| Finance cost on RTU Asset   | 41,729             | 49,018             |
| Share of profit of equity accounted investees                                   | (107,763)          | (76,480)           |
| Interest on treasury bonds, bills and repos                                     | (465,100)          | (400,785)          |
| <b>Operating profit before working capital changes</b>                          | <b>7,276,898</b>   | <b>7,249,354</b>   |
| <b>Working capital changes</b>  |                    |                    |
| (Increase)/decrease in accounts receivables & others                            | 132,783            | 213,528            |
| Increase/(decrease) in accounts payables  | 1,021,577          | 43,866             |
| Decrease investment in leases   | (1,166,426)        | 965,947            |
| (Increase)/decrease in factoring account receivable                             | 74,007             | 161,611            |
| (Increase)/decrease investment in advances and other loans                      | (2,167,416)        | (2,055,110)        |
| <b>Cash generated from operations</b>   | <b>5,171,424</b>   | <b>6,579,197</b>   |
| Interest paid   | (3,775,187)        | (4,718,870)        |
| Income tax paid   | (180,883)          | (463,335)          |
| Gratuity paid   | (10,706)           | (7,047)            |
| <b>Net cash from /(used in) operating activities of continuing operations</b>   | <b>1,204,647</b>   | <b>1,389,944</b>   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                                      |                    |                    |
| Purchased of property, plant and equipment                                      | (234,921)          | (120,709)          |
| Purchase/Disposal of short term investments                                     | (176,792)          | 1,622,554          |
| Investment in investment properties   | (212,510)          | (378,545)          |
| Interest received   | 453,390            | 414,069            |
| Dividend received   | 2,633              | 241                |
| Lease payments  | (128,612)          | (124,598)          |
| Addition to RTU Asset   | (76,900)           | (23,239)           |
| Addition to Lease Liability   | 56,705             | 16,579             |
| <b>Net cash flow from investing activities from continuing Operations</b>       | <b>(317,008)</b>   | <b>1,406,352</b>   |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                                      |                    |                    |
| Net proceed from short term borrowings  | -                  | 550,000            |
| Net proceed from customer deposits  | 4,796,368          | 661,557            |
| Proceeds from long term loans   | 2,352,950          | 3,513,990          |
| Repayments of long term loans   | (8,300,168)        | (8,937,723)        |
| <b>Net cash generated from financing activities from continuing Operations</b>  | <b>(1,150,850)</b> | <b>(4,212,176)</b> |
| <b>Net increase/(decrease) in cash &amp; cash equivalents during the period</b> | <b>(263,211)</b>   | <b>(1,415,880)</b> |
| Cash & cash equivalents at the beginning of the period                          | 1,749,764          | 2,160,205          |
| <b>Cash &amp; cash equivalents at the end of the period</b>                     | <b>1,486,553</b>   | <b>744,325</b>     |
| <b>Analysis of cash &amp; cash equivalents at the end of the period</b>         |                    |                    |
| Cash at bank and in hand  | 2,369,915          | 2,070,058          |
| Bank overdraft  | (883,362)          | (1,325,733)        |
|   | <b>1,486,553</b>   | <b>744,325</b>     |

**COMMERCIAL LEASING & FINANCE PLC**
**SEGMENT INFORMATION**

|   | Conventional<br>Financial Services<br>Rs.' 000 | Islamic Financial<br>Services<br>Rs.' 000 | Factoring Business<br>Rs.' 000 | Others/<br>Adjustments<br>Rs.' 000 | Total<br>Rs.' 000 |
|---|--|---|--------------------------------|------------------------------------|-------------------|
| <b>For the 9 months ended 31st December 2020</b>                      |  |   |                                |                                    |                   |
| Total revenue   | 10,108,572                                     | 723,536                                   | 374,597                        | -                                  | 11,206,706        |
| Net interest cost   | (3,286,247)                                    | (246,570)                                 | (144,280)                      | -                                  | (3,677,097)       |
| <b>Profit before operating expenses</b>                               | <b>6,822,325</b>                               | <b>476,965</b>                            | <b>230,317</b>                 | -                                  | <b>7,529,609</b>  |
| Operating expenses  | (4,077,966)                                    | (328,242)                                 | (419,074)                      | -                                  | (4,825,283)       |
| Value Added Tax on financial services & NBT                           | (406,056)                                      | (28,010)                                  | (29,324)                       | -                                  | (463,389)         |
| <b>Profit from operations</b>   | <b>2,338,303</b>                               | <b>120,713</b>                            | <b>(218,081)</b>               | -                                  | <b>2,240,937</b>  |
| <b>For the 9 months ended 31st December 2019</b>                      |  |   |                                |                                    |                   |
| Total revenue   | 9,881,218                                      | 673,090                                   | 509,241                        | -                                  | 11,063,549        |
| Net interest cost   | (4,320,863)                                    | (208,435)                                 | (229,313)                      | -                                  | (4,758,611)       |
| <b>Profit before operating expenses</b>                               | <b>5,560,355</b>                               | <b>464,655</b>                            | <b>279,928</b>                 | -                                  | <b>6,304,938</b>  |
| Operating expenses  | (3,734,051)                                    | (244,867)                                 | (321,119)                      | -                                  | (4,300,038)       |
| Value Added Tax on financial services & NBT                           | (450,008)                                      | (17,791)                                  | (18,257)                       | -                                  | (486,056)         |
| <b>Profit from operations</b>   | <b>1,376,296</b>                               | <b>201,997</b>                            | <b>(59,448)</b>                | -                                  | <b>1,518,844</b>  |
| <b>For the 9 months ended 31st December 2020</b>                      |  |   |                                |                                    |                   |
| Capital expenditure   | -  | -   | -                              | 234,921                            | 234,921           |
| Depreciation of property plant and equipment                          | -  | -   | -                              | 216,463                            | 216,463           |
| Provision for/(reversal of provision for)doubtful debts and bad debts | 1,373,605                                      | 168,948                                   | 367,700                        | -                                  | 1,910,253         |
| <b>For the 9 months ended 31st December 2019</b>                      |  |   |                                |                                    |                   |
| Capital expenditure   | -  | -   | -                              | 120,709                            | 120,709           |
| Depreciation of property plant and equipment                          | -  | -   | -                              | 205,964                            | 205,964           |
| Provision for/(reversal of provision for)doubtful debts and bad debts | 1,137,474                                      | 160,187                                   | 204,801                        | -                                  | 1,502,462         |
| <b>As at 31st December 2020</b>                                       |  |   |                                |                                    |                   |
| Total assets  | 49,823,945                                     | 4,799,175                                 | 895,426                        | 16,753,989                         | 72,272,534        |
| Total liabilities   | 46,024,040                                     | 3,848,222                                 | 827,134                        | 567,612                            | 51,267,007        |
| <b>As at 31st December 2019</b>                                       |  |   |                                |                                    |                   |
| Total assets  | 47,674,390                                     | 3,801,697                                 | 1,441,950                      | 16,261,882                         | 69,179,920        |
| Total liabilities   | 43,243,257                                     | 2,895,556                                 | 1,307,927                      | 3,143,700                          | 50,590,439        |

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the period ended 31st December 2020

- 1 The Statement of Financial Position as at 31 December 2020, the Statement of Profit or Loss & Other Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity of the Company for the nine months ended 31 December 2020 are drawn up from unaudited Financial Statements of the Company 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, have been considered in preparing the said financial statements of the Company.
- 2 There were no changes to the Accounting Policies and methods of computation since the publication of the Annual Report for the year ended March 31, 2020, except for the accounting policies and methods of computation adopted to be compliant with the requirements of the Sri Lanka Accounting Standard SLFRS 16 on Leases, which became effective for Annual Financial periods from April 01, 2019.
- 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 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, dividends, fee income, profit/loss on contracts terminated.
- 6 All expenses related to management expenditure is fully provided for in the financial statements.
- 7 No circumstances have arisen subsequent to the reporting date which would require adjustments to or disclosure in the financial statements.
- 8 There are no significant changes in the nature of the contingent liabilities disclosed in the Audited financials for the year ended 31 March 2020.
- 9 **Share Information**

Market prices of ordinary shares recorded during the quarter ended 31st December 2020 are as follows.

| Market prices of ordinary shares recorded during the quarter ended | <u>31-Dec-20</u> | <u>31-Dec-19</u> |
|--|------------------|------------------|
| Highest price (Rs.)  | 5.20             | 4.00             |
| Lowest price (Rs.)   | 3.30             | 2.90             |
| Last traded price (Rs.)  | 4.00             | 3.40             |

- 10 The profit before tax (PBT) of the Company for the period ended 31.12.2020 is Rs.2.3 Bn, increased by 47% from Rs. 1.6 Bn reported for the last comparative period. Net lending portfolio of the Company has increased by Rs.2.6 Bn from Rs.53 Bn to Rs.56 Bn compared to 31.12.2019. Deposit base of the company increased by Rs. 4.8 Bn from Rs.25 Bn in 31.12.2019 and reported Rs. 30 Bn as at 31.12.2020.



COMMERCIAL LEASING & FINANCE PLC

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the period ended 31st December 2020

11 Debenture information

The company issued fifty million (50,000,000) rated, Senior, Unsecured, Redeemable debentures in September 2020 to the value of Rupees five billion (LKR.5,000,000,000) with a five year maturity.

11.1

Buying and Selling prices of Treasury Bonds of the Bond Market as at 31st December 2020

| 5 Year Bond | Price (Rs.) | Yield (%) |
|-------------|-------------|-----------|
| Buying      | 116.757     | 6.69      |
| Selling     | 117.298     | 6.56      |

Market prices and yield during the period

| 5 Year Bond | Price (Rs.) | Yield (%) |
|-------------|-------------|-----------|
|             | 117.027     | 6.62      |

11.2 Yield to maturity of last trade done for the quarter ended 31st December 2020

| Instrument Type             | Interest frequency<br>(Fixed Rate) | Coupon<br>(% p.a) | Interest yield as at<br>last trade | Yield to maturity of<br>last trade done | Interest rate of<br>comparable<br>government security |
|-----------------------------|------------------------------------|-------------------|------------------------------------|---|---|
| 10.50% p.a. (5 Years tenor) | Biannual                           | 10.50%            | 10.22%                             | 8.47%                                   | 10.00%  |

11.3 Market prices for the quarter ended 31st December 2020

| Instrument Type             | Issue Price<br>Rs. | Highest Price<br>Rs. | Lowest Price<br>Rs. | Last Tradeed Price<br>Rs. | Last Tradeed Date |
|-----------------------------|--------------------|----------------------|---------------------|---------------------------|-------------------|
| 10.50% p.a. (5 Years tenor) | 100.00             | 102.79               | 102.79              | 102.79                    | 03-Dec-20         |

11.4 Debt security related ratios

|                      | As at 31-12-2020 | As at 31-12-2019 |
|----------------------|------------------|------------------|
| Debt to equity ratio | 2.22             | 2.55             |
| Quick asset ratio    | 0.76             | 0.70             |
| Interest cover       | 1.64             | 1.34             |

11.5 Disclosures regarding the utilization of funds as per the objectives stated in the debenture prospectus

Rs. '000

| Objective Number | Objective as per prospectus                                      | Amount allocated as per prospectus in LKR | Proposed date of utilization as per prospectus | Amount allocated from proceeds in LKR (A) | % of total proceeds | Amounts utilized in LKR (B) | % of utilization against allocation (b/a) | Clarification if not fully utilized including where the funds are invested       |
|------------------|--|---|--|---|---------------------|-----------------------------|---|--|
| 1                | To support the expansion of the lending portfolio of the company | 3,371,250                                 | Immediately upon receipt of the issue          | 3,371,250                                 | 100%                | 3,371,250                   | -   | invested in government securities and Unit Trust as per the debenture prospectus |
| 2                | To support the expansion of the lending portfolio of the company | 1,628,750                                 | Immediately upon receipt of the issue          | 1,628,750                                 | 100%                | 1,628,750                   | -   | invested in government securities and Unit Trust as per the debenture prospectus |

12 Issuer rating - ICRA

ICRA Lanka assigned the company an issuer rating, with effect from 22nd May 2020 is (SL) A (Stable outlook)

COMMERCIAL LEASING & FINANCE PLC

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the period ended 31st December 2020

13 Comparative Figures

Comparative figures have been re-stated/re-classified where necessary, to conform to the current period presentation.

13.1 The following line items of the Interim Financial Statements for the quarter ended 31.12.2019 were restated due to the adoption of SLFRS 16.

|   | Restated    | As Reported Previously |
|---|-------------|------------------------|
|   | Rs' 000     | Rs' 000                |
| <b>Statement of Profit or Loss and Other Comprehensive Income</b> |             |                        |
| Interest expense  | (4,758,611) | (4,709,593)            |
| Net interest income   | 4,793,501   | 4,842,519              |
| Premises, equipment & establishment expenses                      | (376,003)   | (376,003)              |
| Other operating expenses  | (954,713)   | (1,079,311)            |
| Results from operating activities                                 | 1,518,844   | 1,544,155              |
| Profit before tax   | 1,595,324   | 1,620,635              |
| Profit for the period   | 1,163,147   | 1,188,458              |
| Total comprehensive income for the period                         | 1,130,948   | 1,156,259              |
| <b>Statement of Financial Position</b>                            |             |                        |
| Other current assets  | 220,671     | 270,197                |
| Right to Use Asset  | 535,052     | -                      |
| Lease Liability   | 510,838     | -                      |
| Trade and other payables  | 1,372,097   | 1,423,786              |

13.2 The presentation and classification of the following items in these financial statements are amended to ensure the comparability with the current period.

| As at 31 December 2020   | Value Added Tax (VAT) Recoverable | Other Payables |
|--|-----------------------------------|----------------|
|  | Rs. 000'                          | Rs. 000'       |
| As previously reported in the Interim Financial Statements for the period ended 31 December 2020 | 51,690                            | 1,423,786      |
| Adjustment made on Value Added Tax Recoverable   | (51,690)                          | (51,690)       |
| Adjusted balance in the published financial statements for the period ended 30 December 2020     | -                                 | 1,372,096      |

14 Analysis of financial instruments by measurement basis

Classification of financial assets and liabilities as per SLFRS 9 - "Financial Instruments"

|   | Financial assets measured at fair value through profit or loss (FVTPL) | Financial assets measured at fair value through other comprehensive income (FVOCI) | Financial assets measured at amortised cost | Total Carrying amount | Fair Value        | Fair Value measurement level |
|---|--|--|---|-----------------------|-------------------|------------------------------|
| <b>As at 30th December 2020</b>                           |  |  |   |                       |                   |                              |
| <b>Assets</b>   |  |  |   |                       |                   |                              |
| Cash and cash equivalents                                 | -  | -  | 2,369,915                                   | 2,369,915             | 2,369,915         | Level 3                      |
| <b>Financial assets recognised through profit or loss</b> |  |  |   |                       |                   |                              |
| Equity shares   | 1,086,056  | -  | -   | 1,086,056             | 1,086,056         | Level 2                      |
| Unit trust  | 767,835  | -  | -   | 767,835               | 767,835           | Level 2                      |
| <b>Investment securities</b>                              |  |  |   |                       |                   |                              |
| Treasury bonds  | -  | 5,179,870  | -   | 5,179,870             | 5,179,870         | Level 2                      |
| Unquoted shares   | -  | -  | 179   | 179                   | 179               | Level 3                      |
| Government securities                                     | -  | -  | 680,080                                     | 680,080               | 680,080           | Level 3                      |
| Finance lease receivables                                 | -  | -  | 13,001,661                                  | 13,001,661            | 11,039,144        | Level 3                      |
| Advances and loans  | -  | -  | 41,621,458                                  | 41,621,458            | 37,153,775        | Level 3                      |
| Factoring receivables                                     | -  | -  | 895,426                                     | 895,426               | 895,426           | Level 3                      |
| <b>Total financial assets</b>                             | <b>1,853,891</b>   | <b>5,179,870</b>   | <b>58,568,718</b>                           | <b>65,602,479</b>     | <b>59,172,278</b> |                              |
| <b>Liabilities</b>  |  |  |   |                       |                   |                              |
| Bank overdraft  | -  | -  | 883,362                                     | 883,362               | 883,362           | Level 3                      |
| Financial Liabilities at Amortised Cost                   | -  | -  | 29,742,037                                  | 29,742,037            | 27,084,443        | Level 3                      |
| Debentures  | -  | -  | 5,134,977                                   | 5,134,977             | 4,373,415         | Level 3                      |
| Long-term borrowings                                      | -  | -  | 10,990,240                                  | 10,990,240            | 11,002,535        | Level 3                      |
| <b>Total financial liabilities</b>                        | <b>-</b>   | <b>-</b>   | <b>46,750,616</b>                           | <b>46,750,616</b>     | <b>43,343,753</b> |                              |

|   |  |  |   |                       | Rs.'000           |                              |
|---|--|--|---|-----------------------|-------------------|------------------------------|
| As at 31st March 2020                                     | Financial assets measured at fair value through profit or loss (FVTPL) | Financial assets measured at fair value through other comprehensive income (FVOCI) | Financial assets measured at amortised cost | Total Carrying amount | Fair Value        | Fair Value measurement level |
| <b>Assets</b>   |  |  |   |                       |                   |                              |
| Cash and cash equivalents                                 | -  | -  | 2,134,742                                   | 2,134,742             | 2,134,742         | Level 3                      |
| <b>Financial assets recognised through profit or loss</b> |  |  |   |                       |                   |                              |
| Equity shares   | 678,195  | -  | -   | 678,195               | 678,195           | Level 2                      |
| Unit trust  | 2,069,884  | -  | -   | 2,069,884             | 2,069,884         | Level 2                      |
| <b>Investment securities</b>                              |  |  |   |                       |                   |                              |
| Treasury bills  | -  | 3,244,967  | -   | 3,244,967             | 3,244,967         | Level 2                      |
| Unquoted shares   | -  | -  | 179   | 179                   | 179               | Level 3                      |
| Government securities                                     | -  | -  | 806,105                                     | 806,105               | 806,105           | Level 3                      |
| Finance lease receivables                                 | -  | -  | 12,330,761                                  | 12,330,761            | 12,026,492        | Level 3                      |
| Advances and loans  | -  | -  | 40,447,903                                  | 40,447,903            | 38,849,551        | Level 3                      |
| Factoring receivables                                     | -  | -  | 1,359,907                                   | 1,359,907             | 1,359,907         | Level 3                      |
| <b>Total financial assets</b>                             | <b>2,748,078</b>   | <b>3,244,967</b>   | <b>57,079,596</b>                           | <b>63,072,642</b>     | <b>61,170,020</b> |                              |
| <b>Liabilities</b>  |  |  |   |                       |                   |                              |
| Bank overdraft  | -  | -  | 384,978                                     | 384,978               | 384,978           | Level 3                      |
| Financial Liabilities at Amortised Cost                   | -  | -  | 24,943,513                                  | 24,943,513            | 22,125,461        | Level 3                      |
| Debentures  | -  | -  | 5,119,636                                   | 5,119,636             | 4,951,439         | Level 3                      |
| Long-term borrowings                                      | -  | -  | 16,750,890                                  | 16,750,890            | 16,639,012        | Level 3                      |
| <b>Total financial liabilities</b>                        | <b>-</b>   | <b>-</b>   | <b>47,199,017</b>                           | <b>47,199,017</b>     | <b>44,100,889</b> |                              |

## 14.1 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

## 15 Selected performance indicators

| Regulatory Capital Adiquacy   |         | 31.12.2020        | 31.03.2020        | 31.12.2019        |
|---|---------|-------------------|-------------------|-------------------|
| - Total Tier 1 Core Capital   | Rs.'000 | 16,392,563        | 16,970,468        | 15,537,423        |
| - Total Capital Base  | Rs.'000 | 15,757,140        | 16,335,382        | 14,902,482        |
| - Core capital adiquacy ratio (Minimum requirement 6.5% from 1st July 2019)   |         | 20.95%            | 21.79%            | 20.34%            |
| - Total capital adiquacy ratio (Minimum requirement 10.5% from 1st July 2019) |         | 20.13%            | 20.97%            | 19.51%            |
| <b>Liquid Asset Ratios</b>  |         | <b>31.12.2020</b> | <b>31.03.2020</b> | <b>31.12.2019</b> |
| - Available Liquid Assets   | Rs.'000 | 4,237,786         | 6,185,814         | 4,668,585         |
| - Required Liquid Assets  | Rs.'000 | 2,149,715         | 3,109,619         | 3,190,994         |
| - Liquid Assets to Deposit ratio  |         | 14.22%            | 24.80%            | 18.69%            |

**COMMERCIAL LEASING & FINANCE PLC**

**STATEMENT OF DIRECTORS' HOLDING AND CHIEF EXECUTIVE OFFICER'S HOLDING IN SHARES OF THE ENTITY**

As at 31st December 2020

|   | Directors Name            | No. of shares | % |
|---|---------------------------|---------------|---|
| 1 | Mr.P.D.J.Fernando         | -             | - |
| 2 | Mr. D.M.D.K.Thilakarathne | -             | - |
| 3 | Mr. L. Jayaratne          | -             | - |
| 4 | Mr. U.H.Ebert Silva       | -             | - |
| 5 | Mr S Thamothersampillai   | -             | - |

**Top 20 Shareholders As At 31st December 2020**

|    | Shareholder   | No. of        | % of Issued |
|----|---|---------------|-------------|
|    |   | Shares        | Capital     |
| 1  | Hatton National Bank Plc/LOLC Holdings PLC                  | 3,533,000,000 | 60.100      |
| 2  | LOLC Holdings PLC   | 2,475,876,426 | 38.821      |
| 3  | Browns Investments PLC                                      | 40,000,000    | 0.627       |
| 4  | Sinharaja Hills Plantation Pvt Limited                      | 5,445,851     | 0.085       |
| 5  | CIC Holdings PLC/CIC Charitable & Educationnal Trust Fund   | 4,000,000     | 0.063       |
| 6  | Seylan Developments PLC                                     | 1,981,038     | 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. Saakya Capital Private Limited                          | 800,050       | 0.013       |
| 12 | Ceylon Biscuits Limited                                     | 787,053       | 0.012       |
| 13 | People'S Leasing & Finance PLC/L.P.Hapangama                | 723,217       | 0.011       |
| 14 | Mr. A.N. William  | 650,000       | 0.010       |
| 15 | Mr. W.V.A.N. Fernando & Mrs. K.M.M.V.R. Jayasuriya          | 500,000       | 0.008       |
| 16 | Dr. H.S.D.Soyasa  | 395,920       | 0.006       |
| 17 | People'S Leasing & Finance PLC/Dr H S D Soysa & Mrs G Soysa | 202,251       | 0.003       |
| 18 | Mr. S.M.M.Abdul Ghaffoor                                    | 200,000       | 0.003       |
| 19 | Mr. H.E.P.Babapulle & Mrs. I. J. Babapulle                  | 200,000       | 0.003       |
| 20 | Mr. J B W Kelegama  | 200,000       | 0.003       |

**Public shareholding**

Information pertaining to public shareholding is as follows:

|                                      |                    |
|--------------------------------------|--------------------|
|                                      | <b>31 Dec 2020</b> |
| Public holding percentage            | 0.452%             |
| Number of public shareholders        | 1,108              |
| Float Adjusted Market Capitalization | Rs.115,338,976     |

The Company is not compliant with the Minimum Public Holding requirement stipulated in the Listing Rule 17.13.1 (b) of the Colombo Stock Exchange. The Board of Directors of the Company is in the process of evaluating matters concerning the captioned requirement.