

TRADE FINANCE
(Company Reg: No. PQ-445)

Interim Financial Statements

For the Quarter Ended 30th September 2016



TRADE FINANCE & INVESTMENTS PLC

Subsidiary of **COMMERCIAL CREDIT & FINANCE PLC**

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STATEMENT OF COMPREHENSIVE INCOME

| | For the Quarter Ended | | | For the Six Months Ended | | |
|--|-----------------------|--------------------|-------------|--------------------------|--------------------|------------|
| | 30/09/2016 | 30/09/2015 | Change | 30/09/2016 | 30/09/2015 | Change |
| | Rs. | Rs. | % | Rs. | Rs. | % |
| | "Unaudited" | "Unaudited" | | "Unaudited" | "Unaudited" | |
| Income | 204,407,267 | 189,024,231 | 8% | 401,571,523 | 352,083,150 | 14% |
| Interest Income | 189,125,843 | 169,844,315 | 11% | 373,858,422 | 312,236,691 | 20% |
| Less : Interest Expense | (37,874,298) | (32,640,873) | 16% | (75,204,728) | (62,182,165) | 21% |
| Net Interest Income | 151,251,546 | 137,203,442 | 10% | 298,653,695 | 250,054,526 | 19% |
| Other Operating Income | 15,281,424 | 19,179,916 | -20% | 27,713,101 | 39,846,459 | -30% |
| Total operating income | 166,532,970 | 156,383,359 | 6% | 326,366,796 | 289,900,986 | 13% |
| Less : Impairment Charge for Loans and Receivables | 4,783,347 | (12,721,658) | -138% | (3,256,696) | (18,752,857) | -83% |
| Net Operating Income | 171,316,317 | 143,661,701 | 19% | 323,110,100 | 271,148,129 | 19% |
| Less : Operating Expenses | | | | | | |
| Personnel Costs | (28,259,171) | (21,572,156) | 31% | (50,391,834) | (41,651,376) | 21% |
| General and Administrative Expenses | (29,198,556) | (21,262,274) | 37% | (54,876,968) | (39,898,565) | 38% |
| Operating Profit Before Value Added Tax on Financial Services | 113,858,589 | 100,827,271 | 13% | 217,841,297 | 189,598,188 | 15% |
| Less : Value Added Tax on Financial Services | (10,440,148) | (4,552,616) | 129% | (22,866,130) | (7,974,333) | 187% |
| Profit Before Taxation | 103,418,441 | 96,274,655 | 7% | 194,975,167 | 181,623,855 | 7% |
| Less : Income Tax Expense | (22,204,406) | (21,737,345) | 2% | (47,697,861) | (49,315,622) | -3% |
| Profit for the Period | 81,214,035 | 74,537,310 | 9% | 147,277,307 | 132,308,233 | 11% |
| Other comprehensive income | | | | | | |
| Fair Value Gain on Available for Sale Investments | 648,415 | 188,183 | 245% | 1,234,188 | 978,846 | 26% |
| | 648,415 | 188,183 | 245% | 1,234,188 | 978,846 | 26% |
| Total Comprehensive Income | 81,862,450 | 74,725,493 | 10% | 148,511,495 | 133,287,079 | 11% |
| Basic Earnings Per Share | 1.43 | 1.31 | 9% | 2.59 | 2.33 | 11% |

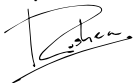
Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION

| As at | 30/09/2016 Rs. " Unaudited" | 31/03/2016 Rs. "Audited" |
|---|-----------------------------------|--------------------------------|
| ASSETS | | |
| Cash and cash equivalents | 114,570,404 | 13,067,260 |
| Placements with banks and other finance companies | 38,734,328 | 181,353,272 |
| Loans and receivables | 2,563,547,643 | 2,203,124,768 |
| Available for sale investments | 107,258,183 | 171,806,363 |
| Property and equipment | 34,227,798 | 27,291,568 |
| Deferred tax asset | 8,894,145 | 673,531 |
| Intangible assets | 18,281,505 | 11,517,568 |
| Other assets | 109,173,794 | 38,472,028 |
| Total Assets | 2,994,687,800 | 2,647,306,358 |
| LIABILITIES | | |
| Due to banks | 289,612,153 | 180,571,311 |
| Due to customers | 1,083,223,475 | 1,084,050,612 |
| Long term loan | 139,602,500 | 164,594,300 |
| Other liabilities | 302,729,755 | 41,560,265 |
| Provision for retiring gratuity | 11,000,629 | 9,272,629 |
| Current tax liabilities | 40,582,269 | 74,230,917 |
| Total Liabilities | 1,866,750,781 | 1,554,280,034 |
| EQUITY | | |
| Stated capital | 247,001,000 | 247,001,000 |
| Statutory reserve fund | 105,232,286 | 97,868,421 |
| Other reserves | 1,062,267 | 2,363,078 |
| Retained earnings | 774,641,466 | 745,793,825 |
| Total Equity | 1,127,937,019 | 1,093,026,324 |
| Total Equity and Liabilities | 2,994,687,800 | 2,647,306,358 |

I certify that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

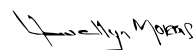


R. D. R. U. Wijesinghe
Accountant

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



D.A. Rodrigo
Director



L.A.J.F. Morais
Managing Director

Colombo.
09th November 2016

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY

For Six Months ended 30th September 2016

| | Stated Capital | Statutory Reserve Fund | Loan Redemption Reserve Fund | Investment Reserve Fund | Available for Sale Reserve | Retained Earnings | Total |
|---|----------------|------------------------|------------------------------|-------------------------|----------------------------|-------------------|---------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Balance as at 1st April 2015 (Audited) | 247,001,000 | 84,060,920 | 2,535,000 | - | 7,508,790 | 589,371,395 | 930,477,105 |
| Comprehensive Income for the Period | | | | | | | |
| Profit for the Period | - | - | - | - | - | 147,277,307 | 147,277,307 |
| Other Comprehensive Income | - | - | - | - | 1,234,188 | - | 1,234,188 |
| Total Comprehensive Income for the Period | - | - | - | - | 1,234,188 | 147,277,307 | 148,511,495 |
| Transactions with Equity Holders | | | | | | | |
| Dividend paid | - | - | - | - | - | (113,600,800) | (113,600,800) |
| Transferred to Statutory Reserve Fund | - | 7,363,865 | - | - | - | (7,363,865) | - |
| Realized Gain on Disposal of Available for Sale Investments | - | - | - | - | (5,651,829) | - | (5,651,829) |
| Total Transactions with Equity Holders | - | 7,363,865 | - | - | (5,651,829) | (120,964,665) | (119,252,629) |
| Balance as at 30th September 2015 (Unaudited) | 247,001,000 | 91,424,785 | 2,535,000 | - | 3,091,149 | 615,684,036 | 959,735,971 |
| Balance as at 1st April 2016 (Audited) | 247,001,000 | 97,868,421 | 2,535,000 | - | (171,921) | 745,793,825 | 1,093,026,325 |
| Comprehensive Income for the Period | | | | | | | |
| Profit for the Period | - | - | - | - | - | 147,277,307 | 147,277,307 |
| Other Comprehensive Income | - | - | - | - | 1,234,188 | - | 1,234,188 |
| Total Comprehensive Income for the Period | - | - | - | - | 1,234,188 | 147,277,307 | 148,511,495 |
| Transactions with Equity Holders | | | | | | | |
| Dividend paid | - | - | - | - | - | (113,600,800) | (113,600,800) |
| Transferred to Statutory Reserve Fund | - | 7,363,865 | - | - | - | (7,363,865) | - |
| Realized Gain on Disposal of Available for Sale Investments | - | - | (2,535,000) | - | - | 2,535,000 | - |
| Total transactions with equity holders | - | 7,363,865 | (2,535,000) | - | - | (118,429,665) | (113,600,800) |
| Balance as at 30th September 2016 (Unaudited) | 247,001,000 | 105,232,286 | - | - | 1,062,267 | 774,641,466 | 1,127,937,019 |

Figures in brackets indicate deductions.

CASH FLOW STATEMENT

CASH FLOW STATEMENT

| For the Six Months Ended 30th September | 2016 | 2015 |
|---|----------------------|---------------|
| | " Unaudited" | "Unaudited" |
| Cash Flows from Operating Activities | | |
| Interest Received | 375,913,188 | 285,356,448 |
| Interest Payments | (61,330,129) | (90,405,976) |
| Fees, Commission and Other Income Received | 26,879,012 | 39,211,436 |
| Employees Related Payments | (41,397,585) | (33,323,376) |
| Payment of Other Operating Expenses | (50,880,513) | (32,221,232) |
| Net Cash Inflows Before Changes In Operating Assets | 249,183,973 | 168,617,300 |
| Decrease/(Increase) in Operating Assets | | |
| Net Fund Advanced to Customers | (365,734,336) | (560,951,754) |
| Gratuity Paid | - | - |
| Other Receivables | (70,701,766) | (8,315,222) |
| | (436,436,102) | (569,266,976) |
| Increase/(Decrease) in Operating Liabilities | | |
| Net Deposit From Customers | (14,701,735) | 227,122,013 |
| Other Short Term Liabilities | 242,751,260 | (5,202,277) |
| | 228,049,524 | 221,919,736 |
| Net Cash Generate from/ (used for) Operation Activities | 40,797,395 | (178,729,939) |
| Income Tax Paid | (89,567,123) | (37,420,276) |
| Payment of VAT on Financial Services | (22,866,130) | (7,974,333) |
| Net Cash Inflow / (Outflow) from Operating Activities | (71,635,858) | (224,124,548) |
| Cash Flows from Investing Activities | | |
| Net Investment in Property and Equipment | (17,291,132) | (21,449,687) |
| Net Investment in Banks and Other Financial Institution | 142,618,944 | 169,348,363 |
| Net Investment in Available for Sale Investments | 65,782,368 | (132,716,689) |
| Dividend Received | 428,598 | 428,598 |
| Net Cash Inflow / (Outflow) from Investing Activities | 191,538,778 | 15,610,585 |
| Cash Flows from Financing Activities | | |
| Dividend Paid | (102,448,819) | (102,291,011) |
| Bank Loan Obtained | - | 200,000,000 |
| Bank Loan Repaid | (24,991,800) | (10,413,900) |
| Net Cash Inflow from Financing Activities | (127,440,619) | 87,295,089 |
| Net Cash Inflow /(Outflow) from Investing and Financing Activities | 64,098,159 | 102,905,674 |
| Increase / (Decrease) in Cash and Cash Equivalents | (7,537,698) | (121,218,874) |
| Cash and Cash Equivalents at the Beginning of the Period | (167,504,051) | (46,285,177) |
| Cash and Cash Equivalents at the End of the Period | (175,041,749) | (167,504,051) |
| Cash and Cash Equivalents | | |
| Cash in Hand and at Bank | 114,570,404 | 13,067,260 |
| Bank Overdraft | (289,612,153) | (180,571,311) |
| | (175,041,749) | (167,504,051) |

Figures in brackets indicate deductions.

SEGMENT ANALYSIS

| SEGMENT ANALYSIS | Finance Lease | | Hire Purchase and other Loans | | Investments | | Unallocated | | Total | |
|---|---------------|---------------|-------------------------------|-------------|-------------|-------------|-------------|-------------|---------------|---------------|
| | 2016 Rs. | 2015 Rs. | 2016 Rs. | 2015 Rs. | 2016 Rs. | 2015 Rs. | 2016 Rs. | 2015 Rs. | 2016 Rs. | 2015 Rs. |
| For Six Months ended 30 th September | | | | | | | | | | |
| Interest | 358,193,152 | 283,668,372 | 3,849,891 | 12,553,488 | 11,815,380 | 16,014,832 | - | - | 373,858,422 | 312,236,691 |
| Other Operating Income | 25,949,721 | 34,899,719 | 156,230 | 43,326 | 352,755 | 4,548,946 | 1,254,394 | 354,468 | 27,713,101 | 39,846,459 |
| Total Revenue | 384,142,873 | 318,568,091 | 4,006,120 | 12,596,814 | 12,168,136 | 20,563,778 | 1,254,394 | 354,468 | 401,571,523 | 352,083,150 |
| Profit Before Tax | 198,162,023 | 164,334,944 | 2,066,577 | 6,498,129 | 6,276,994 | 10,607,928 | 647,086 | 182,854 | 194,975,167 | 181,623,855 |
| Income Tax Expense | - | - | - | - | - | - | - | - | (47,697,861) | (49,315,622) |
| Profit After Taxation | - | - | - | - | - | - | - | - | 147,277,307 | 132,308,233 |
| Other Comprehensive Income | - | - | - | - | 1,234,188 | 978,846 | - | - | 1,234,188 | 978,846 |
| Total Comprehensive Income | - | - | - | - | - | - | - | - | 148,511,495 | 133,287,079 |
| Segment Assets | 2,520,449,422 | 2,057,588,815 | 81,818,897 | 85,950,562 | 145,992,511 | 469,936,212 | 246,426,970 | 212,387,707 | 2,994,687,800 | 2,825,863,296 |
| Segment Liabilities | 1,571,132,365 | 1,369,863,965 | 51,002,141 | 57,222,598 | 91,005,024 | 312,865,563 | 153,611,251 | 141,399,615 | 1,866,750,781 | 1,881,351,741 |

Figures in brackets indicate deductions.

INFORMATION ON ORDINARY SHARES OF THE COMPANY

INFORMATION ON ORDINARY SHARES OF THE COMPANY

1 Market Prices of Shares Recorded During the Period

| | Quarter Ended 30 th September | | Six Months Ended 30 th September | | Year Ended 31 st March |
|---------------------|---|-------|--|-------|--------------------------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 |
| Highest Price (Rs.) | N/A** | N/A** | N/A** | N/A** | N/A** |
| Lowest Price (Rs.) | N/A** | N/A** | N/A** | N/A** | N/A** |
| Closing Price (Rs.) | N/A** | N/A** | N/A** | N/A** | N/A** |

* See note 5 below

2 Stated Capital

Stated Capital as at 30th September 2016 was represented by the number of shares in issue as given below;

| | Number | Rs. |
|-----------------|------------|-------------|
| Ordinary Shares | 56,800,400 | 247,001,000 |

3 Directors' and Chief Executive Officer's Holding in Shares as at 30th September 2016

| Name of the Director | Number of Shares | % Holding |
|---|---------------------|-----------|
| Mr. R.S. Egodage | - | 0.00% |
| Mr. L.G.S. Perera | - | 0.00% |
| Mr. I.G.S.K. Gunaratne | - | 0.00% |
| Mr.D.A.Rodrigo | - | 0.00% |
| Mr.L.A.J.F.Morais (Chief Executive Officer) | - | 0.00% |

4 Net Assets Value per Share as at 30th September 2016 is Rs.18.24 (As at 30th September 2015 was Rs. 16.63)

5 Proposed Consolidation of Finance and Leasing Companies

TFIL pursuant to the mandatory offer made by Commercial Credit and Finance PLC (CCF) to purchase all the remaining ordinary shares of TFIL under the Company Takeovers and Mergers Code 1995 (as amended in 2003), transferred 825,340 shares held by the shareholders who accepted the offer to CCF on 12th February 2015.

Consequent thereof, CCF sought to utilize the provisions of section 246 of the Companies Act No.7 of 2007 to compulsorily purchase the remainder of the 937,906 shares of TFIL and forwarded a circular to its minority shareholders to this effect along with the purchase consideration for such remaining shares at the same price of Rs.28 per share

The Securities & Exchange Commission of Sri Lanka (SEC) by letter dated 04th July 2016 informed TFIL that section 246 referred to aforesaid cannot be read alone on a standalone basis and should be read in conjunction with the provisions of Part VIII of the Companies Act which deals with 'amalgamations' and accordingly the SEC has directed CCF and TFIL to give the former minority shareholders of TFIL the opportunity continue as shareholders of TFIL if they so desire.

Accordingly, Commercial Credit and Finance PLC (CCF) and Trade Finance & Investments PLC (TFIL) have made a joint announcement in Colombo Stock Exchange ("CSE") regarding the acquisition of the remaining ordinary shares of TFIL by the CCF. By this Announcement CCF and TFIL have given the following options to relevant share holders.

5 Proposed Consolidation of Finance and Leasing Companies (Continued)

Persons who have accepted payment under the compulsory purchase offer made by CCF by encashing the cheques sent to them as purchase consideration

a. Such persons will be given the option to purchase their previous shareholding in TFI from CCF at the same price of Rs.28 per share

b. Any person who do not exercise their option to so purchase and/or have fail to deposit the purchase consideration by the due date specified in the share holder communication letter shall be deemed to have voluntary sold and transferred their shares in TFIL to CCF and shall thereupon cease to have any right, interest or entitlement in such shares. CCF shall be the lawful owner of such shares.

Person who have not accepted payment under the compulsory purchase offer made by CCF and have not encashed the cheques sent to them as purchase consideration.

a. Any person who have not encashed the cheques sent to them as aforesaid can visit CCF's office on or before such date as maybe specified in share holder communication and request for new cheques to be issued in their name after signing the relevant share transfer documentation if favour of CCF.

b. Any person who have not requested for new cheques as aforesaid by the date specified in the shareholder communication shall be deemed to have chosen to continue as shareholders of TFIL.

CCF and TFIL has dispatched detailed notices to the aforesaid persons in relation to the above.

Consequent to carrying out the above process requested by SEC by their letter dated 4th July 2016, seventy (70) share holders holding 177,614 shares opted to remain as shareholder and two share holders holding 2,500 shares, who are deceased will also remain as share holder pending their transfers.

TFI thereafter made application for off the floor transaction for 757,792 shares and obtained SEC approval for the said transfer to CCL and have submitted same to CDS to affect the transfer.

The trading of shares of Trade Finance and Investments PLC has been suspended from 4th December 2014.

6 Top Shareholder as at 30th September 2016

As explained in note No 5 , the share holding percentage of CCL has changed to 99.69% after the execution of the options given by CCL to TFIL shareholders.

| Name of the Shareholder | Number of Shares | % Holding |
|-----------------------------------|------------------|-----------|
| Commercial Credit and Finance PLC | 56,767,230 | 99.94% |
| K.S.D.Senaweera | 100,000 | 0.18% |
| H.W.M. Woodward | 25,100 | 0.04% |
| S.Govinthadas | 20,000 | 0.04% |
| R.S.Fernando | 10,000 | 0.02% |
| K.H.B.Haputhanthri | 5,000 | 0.01% |
| R.A.M.Pritamoas | 2,100 | 0.00% |
| M.S.Fernando | 2,000 | 0.00% |
| S. Muhunthan | 2,000 | 0.00% |
| M.P.D. Jayathilaka | 1,825 | 0.00% |
| P.P.U.Anandasiri | 1,000 | 0.00% |
| W.R.C.Fernando | 1,000 | 0.00% |
| W.M.D.Fernando | 1,000 | 0.00% |
| S. Velupillai | 1,000 | 0.00% |
| V. Sivasothy | 1,000 | 0.00% |
| K. Sivasothy | 1,000 | 0.00% |
| S.Ponnudurai | 600 | 0.00% |
| S.G.N.Hearath | 598 | 0.00% |
| R.K.Ponnudurai | 500 | 0.00% |
| A.A.H. Udayanga | 500 | 0.00% |

Percentage of Public Holding as at 30th September 2016 was 0.31%.(*See note 5 Above)

Number of Public Share Holders as at 30th September 2016 was 72.

7 EXPLANATORY NOTES

- 7.1** Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement of the Company for the Period ended 30th September 2016 are drawn up from unaudited accounts of the Company. Company provides information as required by the Colombo Stock Exchange and LKAS 34 - 'Interim Financial Reporting'. Further, provision of the Companies Act No. 7 of 2007 has been considered in preparing the said financial statements of the Company.
- 7.2** The profit and income of the Company are liable for taxation at the rate of 28%.
- 7.3** Prior period figures have been reclassified wherever necessary to conform current period presentation.
- 7.4** There were no changes to the Accounting Policies and methods of computation since the publication of the Audited Financial Statements for the year ended 31st March 2016.
- 7.5** During the period there were no material changes in composition of assets, liabilities and contingent liabilities other than those required by LKASs/SLFRSs.
- 7.6** The Company declared a dividend of two rupees per Ordinary Share aggregating to a sum of Rs. 113,600,800 as the interim dividend for the financial year ending 31st March 2017 out of the profit of the year ended 31st March 2016.
- 7.7** There have been no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements.