TRADE FINANCE

# Interim Financial Statements

## For the six months ended 30th September 2018


**TRADE FINANCE & INVESTMENTS PLC**

Subsidiary of COMMERCIAL CREDIT & FINANCE PLC

459, Union Place, Colombo - 02.
+94 (0)112 688 421-2 / +94 (0)112 698 818
+94 (0)112 699 226
info@tfil.lk
www.tfil.lk

# STATEMENT OF COMPREHENSIVE INCOME

| | For the Quarter Ended | | | For the Six Months Ended | | |
|---|---|---|---|---|---|---|
| | 30/09/2018 Rs. | 30/09/2017 Rs. | Change % | 30/09/2018 Rs. | 30/09/2017 Rs. | Change % |
| | "Unaudited" | "Unaudited" | | "Unaudited" | "Unaudited" | |
| **Income** | **681,084,305** | 374,019,862 | 82% | **1,281,209,551** | 695,208,955 | 84% |
| Interest Income | **657,555,287** | 334,013,018 | 97% | **1,235,005,765** | 625,353,221 | 97% |
| Less : Interest Expense | **(222,027,620)** | (101,731,119) | 118% | **(413,012,126)** | (183,176,136) | 125% |
| **Net Interest Income** | **435,527,668** | **232,281,899** | **87%** | **821,993,639** | **442,177,085** | **86%** |
| Other Operating Income | **23,529,017** | 40,006,844 | -41% | **46,203,785** | 69,855,734 | -34% |
| **Total operating income** | **459,056,685** | **272,288,743** | **69%** | **868,197,425** | **512,032,819** | **70%** |
| Less : Impairment Charge for Loans and Receivables | **(94,763,970)** | (14,163,840) | 569% | **(153,478,415)** | (27,547,994) | 457% |
| **Net Operating Income** | **364,292,715** | **258,124,903** | **41%** | **714,719,010** | **484,484,825** | **48%** |
| **Less : Operating Expenses** | | | | | | |
| Personnel Costs | **(79,077,681)** | (38,281,324) | 107% | **(151,174,171)** | (78,575,198) | 92% |
| General and Administrative Expenses | **(73,060,287)** | (44,910,152) | 63% | **(116,447,640)** | (80,580,530) | 45% |
| **Operating Profit Before Value Added Tax on Financial Services** | **212,154,748** | **174,933,427** | **21%** | **447,097,199** | **325,329,097** | **37%** |
| Less : Value Added Tax on Financial Servic | **(27,634,671)** | (25,897,737) | 7% | **(66,863,499)** | (52,415,508) | 28% |
| **Profit Before Taxation** | **184,520,077** | **149,035,690** | **24%** | **380,233,701** | **272,913,589** | **39%** |
| Less : Income Tax Expense | **(61,448,062)** | (41,565,345) | 48% | **(119,773,616)** | (73,005,939) | 64% |
| **Profit for the Period** | **123,072,015** | **107,470,345** | **15%** | **260,460,085** | **199,907,650** | **30%** |
| **Other comprehensive income** | | | | | | |
| Fair Value Gain on Available for Sale Investments | **(24,765)** | **(160,391)** | **-85%** | **(307,810)** | **144,235** | **-313%** |
| | **(24,765)** | **(160,391)** | **-85%** | **(307,810)** | **144,235** | **-313%** |
| **Total Comprehensive Income** | **123,047,250** | **107,309,954** | **15%** | **260,152,275** | **200,051,885** | **30%** |
| **Basic Earnings Per Share** | 2.17 | 1.89 | **15%** | 4.59 | 3.52 | **30%** |

Figures in brackets indicate deductions.

# STATEMENT OF FINANCIAL POSITION

| As at | 30/09/2018 Rs. | 31/03/2018 Rs. |
|---|---|---|
| | " Unaudited" | " Audited" |
| **ASSETS** | | |
| Cash and cash equivalents | **270,294,957** | 50,946,478 |
| Reverse Repurchase Agreement | **91,608,640** | 91,608,640 |
| Placements with banks and other finance companies | **220,469,630** | 20,128,387 |
| Loans and receivables | **8,729,653,277** | 7,125,304,701 |
| Available for sale investments | **82,732,931** | 56,945,104 |
| Property and equipment | **77,573,584** | 46,584,559 |
| Deferred tax asset | **8,422,139** | 4,353,888 |
| Intangible assets | **7,064,257** | 15,326,676 |
| Other assets | **92,448,266** | 56,977,452 |
| **Total Assets** | **9,580,267,681** | **7,468,175,886** |
| **LIABILITIES** | | |
| Due to banks | **4,875,638,756** | 3,292,786,909 |
| Due to customers | **2,519,689,585** | 1,918,936,640 |
| Other liabilities | **661,782,802** | 653,917,611 |
| Provision for retiring gratuity | **14,629,695** | 10,561,864 |
| Current tax liabilities | **81,638,940** | 93,846,585 |
| **Total Liabilities** | **8,153,379,778** | 5,970,049,609 |
| **EQUITY** | | |
| Stated capital | **247,001,000** | 247,001,000 |
| Statutory reserve fund | **148,005,471** | 134,997,857 |
| Other reserves | **1,117,759** | 1,425,569 |
| Retained earnings | **1,030,763,673** | 1,114,701,851 |
| **Total Equity** | **1,426,887,903** | 1,498,126,277 |
| **Total Equity and Liabilities** | **9,580,267,681** | **7,468,175,886** |

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.

**L.G.S.Perera**
***Chairman***

**L.A.J.F. Morais**
***Managing Director***

Colombo.
14th November 2018

# STATEMENT OF CHANGES IN EQUITY

| For Six Months ended 30th September 2018 | Stated Capital | Statutory Reserve Fund | Available for Sale Reserve | Retained Earnings | Total |
|---|---|---|---|---|---|
| | Rs. | Rs. | Rs. | Rs. | Rs. |
| **Balance as at 1st April 2017 (Audited)** | 247,001,000 | 114,103,066 | 1,384,653 | 943,853,811 | 1,306,342,530 |
| **Comprehensive Income for the Period** | | | | | |
| Profit for the Period | - | - | - | 199,907,650 | 199,907,650 |
| Other Comprehensive Income | - | - | 144,235 | - | 144,235 |
| **Total Comprehensive Income for the Period** | - | - | 144,235 | 199,907,650 | 200,051,885 |
| **Transactions with Equity Holders** | | | | | |
| Dividend paid | - | - | - | (113,600,800) | (113,600,800) |
| Transferred to Statutory Reserve Fund | - | 9,995,382 | - | (9,995,382) | - |
| **Total Transactions with Equity Holders** | - | 9,995,382 | - | (123,596,182) | (113,600,800) |
| **Balance as at 30th September 2017 (Unaudited)** | 247,001,000 | 124,098,448 | 1,528,888 | 1,020,165,278 | 1,392,793,615 |
| **Balance as at 1st April 2018 (Audited)** | 247,001,000 | 134,997,857 | 1,425,569 | 1,114,701,851 | 1,498,126,277 |
| Impact of adopting SLFRS - 9 (Note 6.4) | | | | (274,282,439) | (274,282,439) |
| **Restated Balance as at 1st April 2018** | 247,001,000 | 134,997,857 | 1,425,569 | 840,419,412 | 1,223,843,838 |
| **Comprehensive Income for the Period** | | | | | |
| Profit for the Period | | | | 260,152,275 | 260,152,275 |
| Other Comprehensive Income | | | (307,810) | - | (307,810) |
| **Total Comprehensive Income for the Period** | **-** | **-** | **(307,810)** | **260,152,275** | **259,844,465** |
| **Transactions with Equity Holders** | | | | | |
| Dividend paid | | | - | (56,800,400) | (56,800,400) |
| Transferred to Statutory Reserve Fund | | 13,007,614 | | (13,007,614) | - |
| **Total transactions with equity holders** | **-** | **13,007,614** | **-** | **(69,808,014)** | **(56,800,400)** |
| **Balance as at 30th September 2018 (Unaudited)** | **247,001,000** | **148,005,471** | **1,117,759** | **1,030,763,673** | **1,426,887,903** |

Figures in brackets indicate deductions.

# CASH FLOW STATEMENT

| For the Six Months Ended 30th September | 2018 | 2017 |
|---|---|---|
| | " Unaudited" | "Unaudited" |
| **Cash Flows from Operating Activities** | | |
| Interest Received | **2,066,995,049** | 765,066,103 |
| Interest Payments | **(413,012,126)** | (173,769,436) |
| Fees, Commission and Other Income Received | **44,976,534** | 69,021,646 |
| Employees Related Payments | **(102,195,005)** | (70,057,387) |
| Payment of Other Operating Expenses | **(102,311,913)** | (76,584,075) |
| **Net Cash Inflows Before Changes In Operating Assets** | **1,494,452,539** | 513,676,850 |
| **Decrease/(Increase) in Operating Assets** | | |
| Net Fund Advanced to Customers | **(2,864,098,714)** | (1,555,998,853) |
| Other Receivables | **(35,470,814)** | (51,691,282) |
| | **(2,899,569,528)** | (1,607,690,135) |
| **Increase/(Decrease) in Operating Liabilities** | | |
| Net Deposit From Customers | **584,743,984** | 330,624,446 |
| Other Short Term Liabilities | **(17,192,630)** | 233,213,255 |
| | **567,551,354** | 563,837,701 |
| **Net Cash Generate from/ (used for) Operation Activities** | **(837,565,635)** | (530,175,583) |
| Income Tax Paid | **(140,201,874)** | (16,926,877) |
| Payment of VAT on Financial Services | **(66,863,499)** | (52,415,508) |
| **Net Cash Inflow / (Outflow) from Operating Activities** | **(1,044,631,008)** | (599,517,967) |
| **Cash Flows from Investing Activities** | | |
| Net Investment in Property and Equipment | **(36,063,679)** | (18,724,985) |
| Net Investment in Banks and Other Financial Institution | **(200,341,243)** | (157,984,340) |
| Net Investment in Available for Sale Investments | **(26,095,637)** | 5,593,516 |
| Dividend Received | **428,598** | 428,598 |
| **Net Cash Inflow / (Outflow) from Investing Activities** | **(262,071,960)** | (170,687,211) |
| **Cash Flows from Financing Activities** | | |
| Dividend Paid | **(56,800,400)** | (102,448,819) |
| Bank Loan Obtained | **2,288,000,000** | 1,285,000,000 |
| Bank Loan Repaid | **(683,930,539)** | (441,132,961) |
| **Net Cash Inflow from Financing Activities** | **1,547,269,061** | 741,418,220 |
| **Net Cash Inflow /(Outflow) from Investing and Financing Activities** | **1,285,197,101** | 570,731,009 |
| **Increase / (Decrease) in Cash and Cash Equivalents** | **240,566,093** | (28,786,958) |
| **Cash and Cash Equivalents at the Beginning of the Period** | **(199,584,624)** | (17,618,522) |
| **Cash and Cash Equivalents at the End of the Period** | **40,981,469** | (46,405,480) |
| **Cash and Cash Equivalents** | | |
| Cash in Hand and at Bank | **270,294,957** | 139,463,284 |
| Bank Overdraft | **(229,313,488)** | (185,868,764) |
| | **40,981,469** | (46,405,480) |

Figures in brackets indicate deductions.

# SEGMENT ANALYSIS

| SEGMENT ANALYSIS | Finance Lease | | Hire Purchase and other Loans | | Investments | | Unallocated | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| For Six Months ended 30th September | 2018 Rs. | 2017 Rs. | 2018 Rs. | 2017 Rs. | 2018 Rs. | 2017 Rs. | 2018 Rs. | 2017 Rs. | 2018 Rs. | 2017 Rs. |
| Interest | 1,104,773,672 | 569,675,460 | 114,331,595 | 44,440,919 | 15,900,498 | 11,236,842 | - | - | **1,235,005,765** | 625,353,221 |
| Other Operating Income | 39,171,238 | 66,379,809 | 5,737,627 | 2,692,881 | 466,475 | 388,123 | 828,446 | 394,921 | **46,203,785** | 69,855,733 |
| Total Revenue | 1,143,944,909 | 636,055,268 | 120,069,223 | 47,133,800 | 16,366,973 | 11,624,964 | 828,446 | 394,921 | **1,281,209,551** | 695,208,953 |
| Profit Before Tax | 449,070,901 | 249,692,017 | 47,134,782 | 18,503,005 | 6,425,074 | 4,563,536 | 325,218 | 155,031 | **380,233,701** | 272,913,589 |
| Income Tax Expense | - | - | - | - | - | - | - | - | **(119,773,616)** | (73,005,939) |
| Profit After Taxation | - | - | - | - | - | - | - | - | **260,460,085** | 199,907,650 |
| Other Comprehensive Income | - | - | - | - | (307,810) | 144,235 | - | - | **(307,810)** | 144,235 |
| Total Comprehensive Income | - | - | - | - | - | - | - | - | **260,152,275** | 200,051,885 |
| Segment Assets | 8,273,332,752 | 4,484,697,594 | 456,320,525 | 360,690,177 | 394,811,201 | 260,385,898 | 455,803,203 | 308,555,974 | **9,580,267,681** | 5,414,329,643 |
| Segment Liabilities | 7,041,100,124 | 3,331,044,496 | 388,356,011 | 267,905,473 | 336,007,904 | 193,403,679 | 387,915,739 | 229,182,382 | **8,153,379,779** | 4,021,536,030 |

Figures in brackets indicate deductions.

# INFORMATION ON ORDINARY SHARES OF THE COMPANY

## 1 Market Prices of Shares Recorded During the Period

| | Quarter Ended 30th September | | Six Months Ended 30th September | | Year Ended 31st March |
|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | 2018 |
| Highest Price (Rs.) | 75.00 | 49.30 | 75.00 | 57.40 | 73.00 |
| Lowest Price (Rs.) | 52.00 | 35.00 | 52.00 | 35.00 | 42.00 |
| Closing Price (Rs.) | 59.90 | 40.00 | 59.90 | 40.00 | 67.10 |

## 2 Stated Capital

Stated Capital as at 30th September 2017 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 2018

| 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.G.B. Egodage | - | 0.00% |
| Mr.L.A.J.F.Morais (Chief Executive Officer) | - | 0.00% |

## 4 Net Assets Value per Share as at 30th September 2018 is Rs.25.12 (As at 30th September 2017 was Rs. 24.52)

## 5 Top Shareholder as at 30th September 2018

| Name of the Shareholder | Number of Shares | % Holding |
|---|---|---|
| Commercial Credit and Finance PLC | 56,602,573 | 99.65% |
| Dfcc Bank PLC/Mr.K.S.D.Senaweera | 58,777 | 0.10% |
| Miss. S.N.Egodage | 25,477 | 0.04% |
| Mrs. C.A.D.S.Woodward | 25,100 | 0.04% |
| Mr. M.R.Ratnasabapathy | 17,182 | 0.03% |
| Mr. K.S.D.Senaweera | 10,875 | 0.02% |
| Mr. N.P.D.E.A.Samaranayake | 10,000 | 0.02% |
| Mr. R.De Silva | 9,000 | 0.02% |
| Mr. K.H.B.Haputhanthri | 5,000 | 0.01% |
| Mr. N.Hewa Kandamby | 5,000 | 0.01% |
| Mr. W.D.J.M.De Silva | 4,995 | 0.01% |
| Mr. K.P.S.S.M.K.M.Ferdinando | 2,044 | 0.00% |
| Miss. M.S.Fernando | 2,000 | 0.00% |

## 5 Top Shareholder as at 30th September 2018 (Continued)

| Name of the Shareholder | Number of Shares | % Holding |
|---|---|---|
| Mr. S.Muhunthan | 2,000 | 0.00% |
| Mr. A.Wickramatunge | 2,000 | 0.00% |
| Mr. M.P.D.Jayathilaka | 1,825 | 0.00% |
| Mr. M.R.D.S.D.Gunarathne | 1,525 | 0.00% |
| Mr. A.P.Kumanayake | 1,285 | 0.00% |
| Mr. T.Jainudeen | 1,152 | 0.00% |
| Mr. R.G.Siriwardena | 1,021 | 0.00% |

Percentage of Public Holding as at 30th September 2017 was 0.35%.
Number of Public Share Holders as at 30th September 2017 was 151.

## 6 EXPLANATORY NOTES

**6.1** 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 2018 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.

**6.2** The profit and income of the Company are liable for taxation at the rate of 28%.

**6.3** Prior period figures have been reclassified wherever necessary to conform current period presentation.

**6.4** 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 2018 except for the adoption of SLFRS 9 as explained below.

**Changes in Accounting Policies and Disclosures**

In these financial statements, the Company has applied SLFRS 9 effective for annual periods beginning on or after 1 January 2018, for the first time.

**SLFRS 9 Financial Instruments**

SLFRS 9 replaces LKAS 39 for annual periods on or after 1 January 2018 . The Company has not restated comparative information for 2017/2018 for financial instruments in
the scope of SLFRS 9. Therefore, comparative information for 2017/2018 is reported under LKAS 39 and is not comparable to the information presented for the six month ended 30 September 2018. Differences arising from the adoption of SLFRS 9 have been recognized directly in retained earnings as of 01 April 2018.

**Changes to Classification and Measurement**

To determine their classification and measurement category, SLFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

**Changes to Classification and Measurement (Contd..)**

The LKAS 39 measurement categories of financial assets (fair value through profit or loss (FVPL), available for sale (AFS), held-to-maturity and amortised cost) have been replaced by:
• Debt instruments at amortised cost
• Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition
• Equity instruments at FVOCI, with no recycling of gains or losses o profit or loss on derecognition
• Financial assets FVPL

The accounting for financial liabilities remains largely the same as it was under LKAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVPL. Such movements are presented in OCI with no subsequent reclassification to the income statement.

**Changes to the impairment calculation**

The adoption of SLFRS 9 has fundamentally changed the Company's accounting for loan loss impairments by replacing LKAS 39's incurred loss approach with a forwardlooking expected credit loss (ECL) approach. SLFRS 9 requires the Company to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset.

**Measurement categories of financial assets and liabilities**

From 1 April 2018, the Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:
• Amortised cost
• FVOCI
• FVPL

The Comapny classifies and measures its trading portfolio at FVPL. The Company may designate financial instruments at FVPL, if so doing eliminates or significantly reduces measurement or recognition. Before 1 April 2018, the Company classified its financial assets as loans and receivables (amortised cost), FVPL, available-for-sale or held-to-maturity (amortised cost).
Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVPL when they are held for trading.

**6.5** During the period there were no material changes in composition of assets, liabilities and contingent liabilities other than those required by LKASs/SLFRSs.

**6.6** The Company declared and paid the final dividend of 1 rupees per Ordinary Share aggregating to a sum of Rs. 56,800,400 as the final dividend for the financial year ended 31st March 2018.

**6.7** There have been no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements.

# CORPORATE INFORMATION

**Name of Company**

**Trade Finance & Investments PLC**

**Statutory Status Quoted Public Limited Liability Company**

The Company was incorporated as a public limited liability Company in Sri Lanka on 05th January, 1978 under Companies Ordinance No.51 of 1938 and re-registered under The Companies Act No.07 of 2007 on 04th September, 2008.

**Company Registration**

PB 445 PQ

**Registered Office**

459, Union Place, Colombo 02, Sri Lanka.
Tel :(+94) 011 2688421, 011 2688422, 011 2698818
Fax :(+94) 011 2699226
E-mail :tradefi@sltnet.lk, info@tfil.lk

**Website**

www.tfil.lk

**Branches**

Jaffna

74, Kannathiddy Road, Jaffna.
Tel : 0212221898, 212221900 Fax : 0212221899
E-Mail : tradefij@sltnet.lk

**Kilinochchi**

A9 Road, Karadippokku Junction, Kilinochchi.
Tel : 021 2280108, 0212280110 Fax : 021 2280109
E-Mail : tradefik@sltnet.lk

**Batticaloa**

38, New Road, Batticaloa
Tel : 065 2229100/1 Fax : 065 2229102
E-Mail : tradefib@sltnet.lk

**Negombo**

163,165, Chilaw Road, Negombo.
Tel : 0312235100, 0312235200 Fax : 0312235102
E-Mail : Tradefin@sltnet.lk

**Marawila**

423/2, Mudukatuwa, Negombo road, Marawila.
Tel: 0322059526, 0322059527 Fax: 0322059529
E-mail: tradefim@tfil.lk

**Maligawatta**

No 65, Maligawatta Road, Colombo 10
Tel : 0112333533 , 0112333104 Fax : 0112333098
E-Mail :tradefimg@tfil.lk

**Board of Directors**

Mr. L.G.S. Perera - Chairman
Mr. R.S. Egodage - Director
Mr. I.G.S.K. Guneratne - Director
Mr. L.A.J.F. Morais - Managing Director/ CEO
Mr. D.A. Rodrigo - Director
Mr. G.B.Egodage - Director

**Audit Committee**

Mr. D.A. Rodrigo - Chairman
Mr. L.G.S. Perera
Mr. I.G.S.K. Guneratne

**Remuneration Committee**

Mr. I.G.S.K. Guneratne - Chairman
Mr. L.G.S. Perera

**Integrated Risk Management Committee**

Mr. L.G.S. Perera - Chairman
Mr. D.A. Rodrigo
Mr. I.G.S.K. Guneratne
Mr. G.B.Egodage
Mr. L.A.J.F. Morais
Mr. S.S. Pereira
Mr. R.D.R.U. Wijesinghe

**Auditors**

KPMG,
Chartered Accountants
32/A, Sir Mohomed Macan Markar Mawatha,
Colombo 03.

**Internal Auditors**

M/s. H.L.B. Edirisinghe & Co.
Chartered Accountants
No. 45, (2nd Floor), Braybrooke Street,
Colombo 02.

**Legal Consultants**

R.D.N. Lenora (LL.B Sri Lanka)
Attorney-at-Law & Notary Public

**Secretaries**

Corporate Services (Private) Limited
216, De Saram Place, Colombo 10

**Bankers**

Commercial Bank of Ceylon PLC
Sampath Bank PLC
Bank of Ceylon
Cargils Bank

**Credit Ratings**

ICRA Lanka Limited
National Long –Term Rating – (SL) BBB-