

# LB Finance PLC

PUBLICATION OF FINANCIAL STATEMENT AS PER CENTRAL BANK GUIDELINES NO.02 OF 2006

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2015	Audited 2015 Rs.('000)	Audited 2014 Rs.('000)
Income	14,787,757	13,628,497
Interest Income	13,687,071	12,714,089
Interest Expenses	(5,949,496)	(7,137,897)
<b>Net Interest Income</b>	<b>7,737,575</b>	<b>5,576,192</b>
Fee and Commission Income	959,839	777,615
Net Trading Income	2,752	381
Other Operating Income	138,095	136,412
<b>Total Operating Income</b>	<b>8,838,261</b>	<b>6,490,600</b>
Impairment (Charge) / Reversal for Loans and Other Losses	(1,804,838)	(570,332)
Gold Loan Auction Losses	(214,929)	(1,371,959)
<b>Net Operating Income</b>	<b>6,818,494</b>	<b>4,548,309</b>
<b>Operating Expenses</b>		
Personnel Expenses	(1,516,016)	(1,236,962)
Depreciation of Property, Plant and Equipment	(338,950)	(304,616)
Amortisation of Intangible Assets	(12,473)	(9,076)
Other Operating Expenses	(1,303,969)	(1,009,328)
<b>Operating Profit before Tax on Financial Services</b>	<b>3,647,086</b>	<b>1,988,327</b>
Tax on Financial Services	(315,232)	(119,936)
<b>Profit before Taxation</b>	<b>3,331,854</b>	<b>1,868,391</b>
Income Tax Expense	(1,149,728)	(528,362)
<b>Profit for the Year</b>	<b>2,182,126</b>	<b>1,340,029</b>
<b>Other Comprehensive Income / (Expenses)</b>		
<b>Other Comprehensive Income to be reclassified to Profit or Loss</b>		
<b>Gains and Losses arising on Re-measuring Available for Sale Financial Assets</b>		
Sri Lanka Government Securities	(38,659)	34,890
Equity Securities	18,369	584
Reclassification Adjustments for Loss	-	6,887
	(20,290)	42,361
<b>Other Comprehensive Income not to be reclassified to Profit or Loss</b>		
<b>Actuarial Gains and Losses on Defined Benefit Plans</b>	<b>(2,897)</b>	<b>(19,809)</b>
<b>Other Comprehensive Income / (Expenses) before Taxation</b>	<b>(23,187)</b>	<b>22,552</b>
Income Tax (Charge) / Reversal Relating to Components of Other Comprehensive Income	11,635	(4,223)
<b>Other Comprehensive Income for the Year, Net of Tax</b>	<b>(11,552)</b>	<b>18,329</b>
<b>Total Comprehensive Income for the Year, Net of Tax</b>	<b>2,170,574</b>	<b>1,358,358</b>
<b>Basic Earnings Per Share (Rs) *</b>	<b>31.51</b>	<b>19.35</b>
<b>Dividend Per Share (Rs) **</b>	<b>10.00</b>	<b>6.50</b>

\* Calculated based on the Profit for the Year

\*\* Calculated based on proposed dividend, which is to be approved at the Annual General Meeting

SELECTED PERFORMANCE INDICATORS	As At 31.03.2015	As At 31.03.2014
<b>Capital Adequacy</b>		
Core Capital to Risk Weighted Asset Ratio (Minimum 5%)	16.02%	12.34%
Total Capital to Risk Weighted Asset Ratio (Minimum 10%)	19.70%	17.50%
Capital Funds to Total Deposit Liabilities Ratio (Minimum 10%)	17.45%	13.46%
<b>Profitability</b>		
Return on Avg Shareholders' Funds (After Tax) - Annualized	30.71%	23.55%
Return on Avg Assets (After Tax) - Annualized	3.38%	2.36%
<b>Asset Quality (Rs.'Mn)</b>		
Non-Performing Accommodation	3,509	3,033
Total Accommodations	68,144	58,825
Net Total Accommodations (Net of Allowance for Impairment Losses)	65,470	57,118
<b>Liquidity (Rs.'Mn)</b>		
Required Minimum Amount of Liquid Assets	4,666	4,663
Available Amount of Liquid Assets	7,728	7,054
Required Minimum Amount of Government Securities	3,305	2,631
Available Amount of Government Securities	6,000	3,638

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015	Audited 2015 Rs.('000)	Audited 2014 Rs.('000)
<b>Assets</b>		
Cash and Cash Equivalents	6,067,670	1,865,100
Financial Investments - Held for Trading	10,063	7,595
Loans and Receivables	22,262,761	18,893,238
Lease Rentals Receivable and Stock out on Hire	33,695,517	30,299,456
Financial Investments - Available for Sale	140,588	1,468,602
Other Financial Assets	2,140,178	5,186,549
Other Non Financial Assets	1,206,275	817,629
Intangible Assets	35,306	36,426
Property, Plant and Equipment	1,984,161	2,067,929
Deferred Tax Assets	-	171,857
<b>Total Assets</b>	<b>67,542,519</b>	<b>60,814,381</b>
<b>Liabilities</b>		
Due to Banks	7,703,265	1,423,643
Due to Customers	45,430,552	46,095,205
Debt Instruments Issued and Other Borrowed Funds	3,529,575	5,475,904
Other Financial Liabilities	1,776,066	1,165,527
Other Non Financial Liabilities	516,719	250,497
Post Employment Benefit Liability	112,575	93,199
Current Tax Liabilities	534,745	103,717
Deferred Tax Liabilities	11,930	-
<b>Total Liabilities</b>	<b>59,615,427</b>	<b>54,607,692</b>
<b>Shareholders' Funds</b>		
Stated Capital	838,282	838,282
Retained Earnings	5,180,486	3,265,274
Reserves	1,908,324	2,103,133
<b>Total Shareholders' Funds</b>	<b>7,927,092</b>	<b>6,206,689</b>
<b>Total Liabilities and Shareholders' Funds</b>	<b>67,542,519</b>	<b>60,814,381</b>
<b>Net asset value per share (Rs)</b>	<b>114.46</b>	<b>89.62</b>
<b>Commitments and Contingencies</b>	<b>1,105,985</b>	<b>637,847</b>

## CERTIFICATION:

I certify that these Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

Sgd

Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Signed for and on behalf of the Board of Directors by,

Sgd

Managing Director

19th May 2015  
Colombo

Sgd

Director



Ernst & Young  
Chartered Accountants  
201 De Saram Place  
P.O. Box 101  
Colombo 10  
Sri Lanka

Tel : +94 11 2463500  
Fax : +94 11 2697369  
Tel : +94 11 5578180  
ey@eriny.com  
ey.com

SPF/DLH/JJ

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LB FINANCE PLC

### Report on the Financial Statements

We have audited the accompanying financial statements of LB Finance PLC, ("the Company"), which comprise the statement of financial position as at 31st March 2015, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Board's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31st March 2015 and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### Report on Other Legal and Regulatory Requirements

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

a) The basis of opinion, scope and limitations of the audit are as stated above.

b) In our opinion:

- we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company, and
- the financial statements of the Company comply with the requirements of section 151 of the Companies Act No. 07 of 2007.

19th May 2015  
Colombo



LB Finance PLC, 275/75, Prof. Stanley Wijesundara Mv., Colombo 7. Hotline: 0114 521 000 www.lbfinance.com

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