

INTERIM FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017



LB Finance PLC						
STATEMENT OF COMPREHENSIVE INCOME						
Year ended 31 March 2017	FOR THE 3 MONTHS ENDED		VARIANCE	FOR THE YEAR ENDED		VARIANCE
	31.03.2017 Rs.('000)	31.03.2016 Rs.('000)	%	31.03.2017 Rs.('000)	Audited 31.03.2016 Rs.('000)	%
Income	5,367,674	4,226,586	27	19,363,429	15,646,467	24
Interest Income	4,975,977	3,913,814	27	17,909,935	14,428,730	24
Interest Expenses	(2,406,282)	(1,619,318)	(49)	(8,112,337)	(5,773,255)	(41)
Net Interest Income	2,569,695	2,294,495	12	9,797,599	8,655,475	13
Fee and Commission Income	349,017	299,297	17	1,209,340	1,168,682	3
Net Trading Income	(876)	(2,159)	59	(148)	968	(115)
Other Operating Income	43,555	15,635	179	244,301	48,088	408
	391,697	312,772	25	1,453,493	1,217,737	19
Total Operating Income	2,961,392	2,607,268	14	11,251,092	9,873,212	14
Impairment (Charges) / Reversal for loans and other losses	108,583	7,136	(1,422)	42,265	(382,435)	111
Gold Loan Auction Losses	(48)	(3,762)	99	(2,201)	(29,358)	93
Net Operating Income	3,069,927	2,610,641	18	11,291,156	9,461,419	19
Operating Expenses						
Personnel Expenses	(673,769)	(482,009)	(40)	(2,332,899)	(1,837,554)	(27)
Depreciation of Property, Plant and Equipment	(81,506)	(77,614)	(5)	(326,128)	(318,296)	(2)
Amortisation of Intangible Assets	(4,515)	(3,656)	(23)	(17,090)	(14,129)	(21)
Other Operating Expenses	(470,772)	(364,834)	(29)	(1,713,095)	(1,373,373)	(25)
Operating Profit before Tax on Financial Services	1,839,366	1,682,528	9	6,901,944	5,918,067	17
Tax on Financial Services	(348,895)	(180,665)	(93)	(1,027,101)	(593,451)	(73)
Profit before Taxation	1,490,470	1,501,863	(1)	5,874,843	5,324,616	10
Income Tax Expense	(456,530)	(288,343)	(58)	(1,956,639)	(1,606,823)	(22)
Profit after Taxation	1,033,940	1,213,520	(15)	3,918,204	3,717,793	5
Other Comprehensive Income / (Expenses)						
Other Comprehensive Income to be reclassified to Profit or Loss						
Gains and Losses arising on re-measuring Available for Sale Financial Assets						
Equity Securities	(14,332)	(37,247)	62	(20,390)	(2,321)	(779)
Reclassification Adjustments for Loss	5,672	4,627	23	5,672	4,627	23
	(8,661)	(32,620)	73	(14,718)	2,306	(738)
Other Comprehensive Income not to be reclassified to Profit or Loss						
Actuarial Gains and Losses on Defined Benefit Plans	(4,420)	12,403	(136)	(4,420)	12,403	(136)
Deferred Tax (Charge) / Reversal on above	1,238	(3,473)	136	1,238	(3,473)	136
Net Other Comprehensive Income not to be reclassified to Profit or Loss	(3,183)	8,930	(136)	(3,183)	8,930	(136)
Other Comprehensive Income for the Year, Net of Tax	(11,843)	(23,690)	50	(17,901)	11,236	(259)
Total Comprehensive Income for the Year, Net of Tax	1,022,097	1,189,830	(14)	3,900,303	3,729,029	5
Basic Earnings Per Share (Rs) *	7.46	8.76		28.29	26.84	
* Calculated based on the Profit for the Year						

LB Finance PLC					
STATEMENT OF CHANGES IN EQUITY					
	Stated Capital Rs.('000)	Retained Earnings Rs.('000)	Statutory Reserve Rs.('000)	Available for Sale Reserve Rs.('000)	Total Rs.('000)
Balance as at 1 April 2015	838,282	5,164,137	1,897,483	27,190	7,927,092
Super Gain Tax Paid	-	(484,231)	-	-	(484,231)
Balance after Super Gain Tax	838,282	4,679,906	1,897,483	27,190	7,442,861
Net profit for the Year	-	3,717,793	-	-	3,717,793
Other comprehensive income net of tax	-	8,930	-	2,306	11,236
Transfer to Statutory Reserve	-	(743,559)	743,559	-	-
First and Final Dividend for 2014/15	-	(692,571)	-	-	(692,571)
Balance as at 31 March 2016	838,282	6,970,499	2,641,041	29,497	10,479,319
Net profit for the Year	-	3,918,204	-	-	3,918,204
Other comprehensive income net of tax	-	(3,183)	-	(14,718)	(17,901)
Transfer to Statutory Reserve	-	(783,641)	783,641	-	-
First and Final Dividend for 2015/16	-	(1,038,857)	-	-	(1,038,857)
Interim Dividend for 2016/17	-	(831,086)	-	-	(831,086)
Balance as at 31 March 2017	838,282	8,231,937	3,424,682	14,778	12,509,680

LB Finance PLC**STATEMENT OF FINANCIAL POSITION**

As at 31 March 2017

	31.03.2017 Rs.('000)	Audited 31.03.2016 Rs.('000)
Assets		
Cash and Cash Equivalents	2,895,085	6,051,899
Financial Investments - Held for Trading	10,068	10,647
Loans and Receivables	33,488,779	26,449,169
Lease Rentals Receivable and Stock out on Hire	55,660,963	45,104,836
Financial Investments - Available for Sale	118,021	138,411
Other Financial Assets	6,721,526	4,142,716
Other Non Financial Assets	305,047	538,898
Property, Plant and Equipment	3,514,356	2,045,295
Intangible Assets	49,189	34,766
Total Assets	102,763,035	84,516,637
Liabilities		
Due to Banks	23,778,147	14,577,234
Due to Customers	60,401,955	53,379,800
Debt Instruments Issued and Other Borrowed Funds	2,044,216	2,601,283
Other Financial Liabilities	2,007,402	1,869,941
Other Non Financial Liabilities	673,436	597,807
Current Tax Liabilities	691,091	741,252
Deferred Tax Liabilities	503,488	143,142
Post Employment Benefit Liability	153,621	126,859
Total Liabilities	90,253,356	74,037,318
Shareholders' Funds		
Stated Capital	838,282	838,282
Retained Earnings	8,231,937	6,970,499
Reserves	3,439,460	2,670,538
Total Shareholders' Funds	12,509,680	10,479,319
Total Liabilities and Shareholders' Funds	102,763,035	84,516,637
Net Asset Value per Share (Rs)	90.31	75.66
Commitments and Contingencies	994,135	1,275,614

The information contained in these statements have been extracted from the unaudited Financial Statements of the Company unless indicated as "Audited".

CERTIFICATION:

These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.


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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,


.....
Managing Director

25th April 2017

Colombo


.....
Director

LB Finance PLC		
CASH FLOW STATEMENT		
Year ended 31 March 2017	FOR THE YEAR ENDED	
	31.03.2017 Rs.('000)	Audited 31.03.2016 Rs.('000)
Cash Flows From / (Used in) Operating Activities		
Profit and Other Comprehensive Income/(Expenses) before Taxation	5,855,704	5,339,325
Adjustments for		
Depreciation of Property, Plant and Equipment	326,128	318,296
Amortisation of Intangible Assets	17,090	14,129
Impairment Charges / (Reversal) for Loans and Other Losses	(42,265)	382,435
Gold Loan Auction Losses	2,201	29,358
Interest Cost on Finance Lease	-	134
Diminution/(Appreciation) in Value of Investments	20,968	1,738
Loss/(Profit) on Disposal of Property, Plant and Equipment	(11,191)	35,143
Provision/(Reversal) for Defined Benefit Plans	41,550	20,637
Dividend Received	(3,666)	(8,075)
Interest Income on Investing Activities	(637,386)	(457,706)
Notional Tax Credit on Interest on Treasury Bills and Bonds	(50,263)	(39,556)
Withholding Tax Attributed to Fixed Deposits	(19,282)	(10,099)
Operating Profit before Working Capital Changes	5,499,586	5,625,759
(Increase)/Decrease in Loans and Receivables	(7,040,802)	(4,265,228)
(Increase)/Decrease in Lease Rentals Receivable and Stock out on Hire	(10,523,719)	(11,678,796)
(Increase)/Decrease in Other Financial Assets	(2,510,968)	(1,969,173)
(Increase)/Decrease in Other Non Financial Assets	354,969	584,203
Increase/(Decrease) in Amounts Due to Customers	7,022,153	7,949,250
Increase/(Decrease) in Other Financial Liabilities	137,461	91,353
Increase/(Decrease) in Other Non Financial Liabilities	75,629	67,924
Cash Generated from Operations	(6,985,690)	(3,594,707)
Retirement Benefit Liabilities Paid	(14,788)	(6,353)
Income Tax and Super Gain Tax Paid	(1,687,940)	(1,736,696)
Net Cash From/(Used in) Operating Activities	(8,688,418)	(5,337,756)
Cash Flows from / (Used in) Investing Activities		
Acquisition of Property, Plant and Equipment	(1,809,158)	(434,550)
Acquisition of Intangible Assets	(31,513)	(13,589)
Proceeds from Sale of Property, Plant and Equipment	25,161	84,883
Sale/(Purchase) of Financial Investments - Available for Sale	-	(144)
Interest Received	569,545	424,340
Dividend Received	3,666	8,075
Net Cash Flows from/(Used in) Investing Activities	(1,242,300)	69,014
Cash Flows from / (Used in) Financing Activities		
Payment under Finance Lease Liabilities	-	(1,122)
Net Cash Flow from Syndicated Loans and Other Bank Facilities	8,864,917	7,157,602
Net Cash Flow from Debt Issued and Other Borrowings	(557,066)	(928,293)
Dividends Paid	(1,869,943)	(692,571)
Net Cash Flows from/(Used in) Financing Activities	6,437,908	5,535,615
Net Increase in Cash and Cash Equivalents	(3,492,810)	266,873
Cash and Cash Equivalents at the Beginning of the Year	5,352,627	5,085,754
Cash and Cash Equivalents at the End of the Year	1,859,818	5,352,627
CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT		
Notes and Coins Held	740,728	458,449
Balances with Banks	1,091,593	627,980
Treasury Bills Repurchase Agreements	1,062,764	4,965,470
Bank Overdrafts	(1,035,268)	(699,272)
Net Cash and Cash Equivalents	1,859,818	5,352,627

LB Finance PLC

SEGMENTAL INFORMATION

For management purposes, the Company is organised into three operating segments based on services offered to customers as follows. The following table presents income and profit and certain asset and liability information regarding the Company's operating segments.

	Leasing & Stock out on Hire		Loans and Receivables		Others		Total	
	31.03.2017	Audited 31.03.2016	31.03.2017	Audited 31.03.2016	31.03.2017	Audited 31.03.2016	31.03.2017	Audited 31.03.2016
	Rs.('000)	Rs.('000)	Rs.('000)	Rs.('000)	Rs.('000)	Rs.('000)	Rs.('000)	Rs.('000)
Interest Income	10,852,922	8,742,046	6,349,685	5,179,323	707,329	507,361	17,909,935	14,428,730
Interest Expenses	(4,520,043)	(3,126,391)	(2,704,706)	(1,949,973)	(887,588)	(696,891)	(8,112,337)	(5,773,255)
Net Interest Income/(Expenses)	6,332,879	5,615,655	3,644,979	3,229,351	(180,259)	(189,531)	9,797,599	8,655,475
Fee and Commission Income	312,816	485,645	529,260	401,238	367,263	281,798	1,209,340	1,168,682
Net Trading Income and Other Operating Income	21,956	2,460	632	471	221,566	46,125	244,153	49,056
Impairment Charge/Reversal on Loans and Other Losses	32,412	(304,286)	1,009	(70,084)	8,845	(8,065)	42,265	(382,435)
Gold Loan Auction Losses	-	-	(2,201)	(29,358)	-	-	(2,201)	(29,358)
Net Operating Income	6,700,062	5,799,474	4,173,679	3,531,618	417,414	130,327	11,291,156	9,461,419
Other Costs	(2,285,180)	(1,781,674)	(1,687,008)	(1,385,023)	(73,806)	(44,230)	(4,045,994)	(3,210,927)
Depreciation	(179,733)	(185,527)	(156,265)	(140,315)	(7,220)	(6,583)	(343,218)	(332,425)
Operating Profits Before Taxes	4,235,149	3,832,273	2,330,406	2,006,281	336,388	79,513	6,901,944	5,918,067
Taxes							(2,983,740)	(2,200,274)
Profits for the Year							3,918,204	3,717,793
Segmental Assets	57,838,331	46,547,218	34,798,806	27,294,972	10,125,898	10,674,447	102,763,035	84,516,637
Segmental Liabilities	50,797,482	40,775,772	30,562,634	23,910,636	8,893,239	9,350,909	90,253,356	74,037,318

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses which, in certain respects, are measured differently from operating profits or losses in the financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Company's total revenue during the year ended 31st March 2017 or 2016.

EXPLANATORY NOTES

01. These Interim Financial Statement of the Company have been prepared in accordance with Sri Lanka Accounting Standards that came into effect from April 1, 2012. Further, these Interim Financial Statements have been prepared in compliance with the requirements of Sri Lanka Accounting Standards - LKAS 34 on 'Interim Financial Reporting' & the accounting policies and methods of computation followed in preparing the above Interim Financial Statements are the same as those disclosed in our Annual Report for the year ended 31st March 2016.

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

03. The Commitments and Contingencies as at 31st March 2017 was Rs. 994 Mn and as at 31st March 2016 was Rs.1,276 Mn.

INFORMATION ON SHARES AND LISTED DEBENTURES

INFORMATION ON SHARES			For the Quarter ended	
			31.03.2017	31.03.2016
Share Price	Highest	Rs.	126.80	120.50
	Lowest	Rs.	118.00	97.50
	Closing	Rs.	118.40	106.10
			As at	As at
			31.03.2017	31.03.2016
Number of Ordinary Shares Issued			138,514,284	138,514,284

INFORMATION ON LISTED DEBENTURES			For the Quarter ended	
			31.03.2017	31.03.2016
Debenture Prices				
Debentures Issued - November 2013				
5 Year Fixed Rate (14.00 % p.a. Payable Monthly)	Highest	Rs.	Not Traded	102.00
	Lowest	Rs.	Not Traded	102.00
	Closing	Rs.	Not Traded	102.00
5 Year Fixed Rate (14.50 % p.a. Payable Semi-Annually)	Highest	Rs.	Not Traded	Not Traded
	Lowest	Rs.	Not Traded	Not Traded
	Closing	Rs.	Not Traded	Not Traded
5 Year Fixed Rate (15.00 % p.a. Payable Annually)	Highest	Rs.	Not Traded	104.00
	Lowest	Rs.	Not Traded	104.00
	Closing	Rs.	Not Traded	104.00
Interest yield				
5 Year Fixed Rate (14.00 % p.a. Payable Monthly)			Not Traded	13.11%
5 Year Fixed Rate (14.50 % p.a. Payable Semi-Annually)			Not Traded	Not Traded
5 Year Fixed Rate (15.00 % p.a. Payable Annually)			Not Traded	13.08%
Yield of Comparable Government Securities (%)				
05 Year Treasury Bond			12.60%	13.00%
			As at	As at
			31.03.2017	31.03.2016
Ratios				
Debt Equity Ratio			263.83%	223.62%
Quick Asset Ratio			17.20%	20.56%
Interest Cover			1.72	1.92

SELECTED PERFORMANCE INDICATORS

	As At	As At
	31.03.2017	31.03.2016
Capital Adequacy		
Core Capital to Risk Weighted Asset Ratio (Minimum 5%)	13.45%	16.84%
Total Capital to Risk Weighted Asset Ratio (Minimum 10%)	14.39%	18.81%
Capital Funds to Total Deposit Liabilities Ratio (Minimum 10%)	20.71%	19.63%
Profitability		
Return on Avg Shareholders' Funds (After Tax) - Annualized	33.93%	40.52%
Return on Avg Assets (After Tax) - Annualized	4.17%	4.90%
Liquidity (Rs.'Mn)		
Required Minimum Amount of Liquid Assets	6,283	5,470
Available Amount of Liquid Assets	8,923	9,633
Required Minimum Amount of Government Securities	3,743	3,562
Available Amount of Government Securities	4,740	5,720

L B Finance PLC

Interim Financial Statements for the year ended 31st March 2017

Additional Notes

Twenty largest shareholders as at 31st March 2017

Name		No. of Shares	(%)
1 Vallibel One PLC		71,682,400	51.751
2 Royal Ceramics Lanka PLC	31,427,232]	36,123,232	26.079
Commercial Bank of Ceylon PLC/Royal Ceramics Lanka PLC	4,696,000]		
3 Esna Holdings (Pvt) Ltd		14,062,400	10.152
4 SBI Ven Holdings Pte Ltd		1,600,000	1.155
5 Sterling Holdings (Private) Limited		1,500,000	1.083
6 AIA Insurance Lanka PLC A/C No. 07		777,843	0.562
7 Mr. H A Van Starrex		573,408	0.414
8 Janashakthi Insurance PLC (Policy Holders)		500,000	0.361
9 Bnynsanv Re-Forntaura Global Frontier Fund LLC		393,821	0.284
10 Mr. K D A Perera		373,776	0.270
11 Mr. N P D E Samaranayake		350,000	0.253
12 Seylan Bank PLC/Dr. Thirugnanasambandar Senthilverl		331,884	0.240
13 Mr. A A Page		314,800	0.227
14 Mr. E Bianchi		308,800	0.223
15 Waldock Mackenzie Ltd /Mrs G Soysa		222,504	0.161
16 Waldock Mackenzie Limited /Mr. K R E M D M B Jayasundara		220,000	0.159
17 Mrs. P C Cooray		208,632	0.151
18 Mellon Bank N A - Commonwealth of Massachusetts		207,243	0.150
19 Mr. N Udage		173,837	0.126
20 Commercial Credit and Finance PLC		161,297	0.116
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		130,085,877	93.917
Others		8,428,407	6.083
Total		138,514,284	100.000

Directors' and Chief Executive Officer's holding in shares as at 31st March 2017

Name	No. of Shares	(%)
Mrs. K Fernando	3,200	0.002
Mr. Thosapala Hewage	-	-
Mr. K D D Perera	-	-
Mr. L N De Silva Wijeyeratne	-	-
Mr. J A S S Adhietty	106,120	0.077
Mr. Nimal Perera	-	-
Mr. N Udage	173,837	0.126
Mr. B D A Perera	-	-
Mrs. Shirani Jayasekara	-	-
Mrs. A K Gunawardhana	-	-
Mr. R S Yatawara	-	-
Mrs. Y Bhaskaran	-	-

PUBLIC HOLDING

Public Holding percentage as at 31st March 2017 being 21.94% comprising of 2,094 shareholders.