

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 2016	FOR THE YEAR ENDED	
	Audited 2016 Rs.('000)	Audited 2015 Rs.('000)
	Income	15,646,467
Interest Income	14,428,730	13,687,071
Interest Expenses	(5,773,255)	(5,949,496)
Net Interest Income	8,655,475	7,737,575
Fee and Commission Income	1,168,682	959,839
Net Trading Income	968	2,752
Other Operating Income	48,088	138,095
Total Operating Income	9,873,212	8,838,261
Impairment (Charge) / Reversal for Loans and Other Losses	(382,435)	(1,804,838)
Gold Loan Auction Losses	(29,358)	(214,929)
Net Operating Income	9,461,419	6,818,494
Operating Expenses		
Personnel Expenses	(1,837,554)	(1,516,016)
Depreciation of Property, Plant and Equipment	(318,296)	(338,950)
Amortisation of Intangible Assets	(14,129)	(12,473)
Other Operating Expenses	(1,373,373)	(1,303,969)
Operating Profit before Tax on Financial Services	5,918,067	3,647,086
Tax on Financial Services	(593,451)	(315,232)
Profit before Taxation	5,324,616	3,331,854
Income Tax Expense	(1,606,823)	(1,149,728)
Profit for the Year	3,717,793	2,182,126
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		
Sri Lanka Government Securities	-	(38,659)
Equity Securities	(2,321)	18,369
Reclassification Adjustments for Loss	4,627	-
Other Comprehensive Income not to be reclassified to Profit or Loss	2,306	(20,290)
Actuarial Gains and Losses on Defined Benefit Plans	12,403	(2,897)
Other Comprehensive Income / (Expenses) before Taxation	14,709	(23,187)
Income Tax (Charge) / Reversal Relating to Components of Other Comprehensive Income	(3,473)	11,635
Other Comprehensive Income for the Year, Net of Tax	11,236	(11,552)
Total Comprehensive Income for the Year, Net of Tax	3,729,029	2,170,574
Basic Earnings Per Share (Rs) *	26.84	15.75
Dividend Per Share (Rs)	** 7.50	10.00

* Calculated based on the Profit for the Year

** Calculated based on proposed dividend, which is to be approved at the Annual General Meeting
Note - Number of Shares for the Previous Period were 69,257,142 which was subdivided in to 138,514,284 on 08th July 2015.

SELECTED PERFORMANCE INDICATORS	As at 31.03.2016	As at 31.03.2015
Capital Adequacy		
Core Capital (Tier 1 Capital), Rs. '000	10,449,822	7,916,249
Total Capital Base, Rs. '000	11,672,660	9,734,249
Core Capital Adequacy Ratio, as a % of Risk Weighted Assets (Minimum 5%)	16.84%	16.02%
Total Capital Adequacy Ratio, as a % of Risk Weighted Assets (Minimum 10%)	18.81%	19.70%
Capital Funds to Deposit Liabilities Ratio (Minimum 10%)	19.63%	17.45%
Profitability (%)		
Return on Avg Shareholders' Funds (After Tax) - Annualized	40.52%	30.71%
Return on Avg Assets (After Tax) - Annualized	4.90%	3.38%
Interest Margin	12.17%	12.67%
Asset Quality		
Gross Non-Performing Accommodations, Rs. '000	2,864,495	3,508,634
Total Accommodations, Rs. '000	87,252,860	68,143,937
Gross Non-Performing Accommodations Ratio, %	3.28%	5.15%
Net Non-Performing Accommodations Ratio, %	0.09%	0.86%
Regulatory Liquidity (Rs. '000)		
Required Minimum Amount of Liquid Assets	5,469,857	4,666,422
Available Amount of Liquid Assets	9,633,264	7,727,975
Required Minimum Amount of Government Securities	3,561,977	3,304,832
Available Amount of Government Securities	5,720,000	6,000,000
Memorandum Information		
Number of Employees	2,744	2,401
Number of Branches	109	99
Number of Gold Loan Centers	36	35

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016	Audited 2016 Rs.('000)	Audited 2015 Rs.('000)
Assets		
Cash and Cash Equivalents	6,051,899	6,067,670
Financial Investments - Held for Trading	10,647	10,063
Loans and Receivables	26,449,169	22,262,761
Lease Rentals Receivable and Stock out on Hire	45,104,836	33,695,517
Financial Investments - Available for Sale	138,411	140,588
Other Financial Assets	4,142,716	2,140,178
Other Non Financial Assets	538,898	1,206,275
Property, Plant and Equipment	2,045,295	1,984,161
Intangible Assets	34,766	35,306
Total Assets	84,516,637	67,542,519
Liabilities		
Due to Banks	14,577,234	7,703,265
Due to Customers	53,379,800	45,430,552
Debt Instruments Issued and Other Borrowed Funds	2,601,283	3,529,575
Other Financial Liabilities	1,869,941	1,776,066
Other Non Financial Liabilities	597,807	516,719
Current Tax Liabilities	741,252	534,745
Deferred Tax Liabilities	143,142	11,930
Post Employment Benefit Liability	126,859	112,575
Total Liabilities	74,037,318	59,615,427
Shareholders' Funds		
Stated Capital	838,282	838,282
Retained Earnings	6,970,499	5,180,486
Reserves	2,670,538	1,908,324
Total Shareholders' Funds	10,479,319	7,927,092
Total Liabilities and Shareholders' Funds	84,516,637	67,542,519
Net Asset Value per Share (Rs)	75.66	57.23
Commitments and Contingencies	1,275,614	1,105,985

CERTIFICATION:

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

Sgd

T Hasitha Athapattu
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

J A S Sumith Adhihetty
Managing Director

Sgd

L N de S Wijeyeratne
Director

17th May 2016
Colombo



Chartered Accountants
100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000

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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 31 March 2016, 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 and disclosures in the financial statements. The procedures selected depend on the auditor's 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 31 March 2016, 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:

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

Signature

17 May 2016
Colombo



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