

INTERIM FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015



LB Finance PLC

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2015

	FOR THE 3 MONTHS ENDED		VARIANCE	FOR THE YEAR ENDED		VARIANCE
	31.03.2015 Rs.('000)	31.03.2014 Rs.('000)		%	31.03.2015 Rs.('000)	
Income	3,816,070	3,475,912	10	14,787,757	13,628,497	9
Interest Income	3,532,206	3,199,959	10	13,687,071	12,714,089	8
Interest Expenses	(1,404,238)	(1,750,451)	20	(5,949,496)	(7,137,897)	17
Net Interest Income	2,127,969	1,449,508	47	7,737,574	5,576,192	39
Fee and Commission Income	252,213	246,557	2	959,839	777,615	23
Net Fee and Commission Income	252,213	246,557	2	959,839	777,615	23
Net Trading Income	178	1,022	(83)	2,752	381	(623)
Other Operating Income	31,473	28,373	11	138,095	136,413	1
	31,651	29,396	8	140,847	136,793	3
Total Operating Income	2,411,832	1,725,461	40	8,838,261	6,490,600	36
Impairment (Charges) / Reversal for loans and other losses	(476,600)	(115,590)	(312)	(1,804,838)	(570,332)	(216)
Gold Loan Auction Losses	(10,372)	(239,320)	96	(214,929)	(1,371,959)	84
Net Operating Income	1,924,860	1,370,552	40	6,818,494	4,548,309	50
Operating Expenses						
Personnel Expenses	(389,064)	(257,435)	(51)	(1,516,016)	(1,236,962)	(23)
Depreciation of Property, Plant and Equipment	(85,927)	(59,920)	(43)	(338,950)	(304,616)	(11)
Amortisation of Intangible Assets	(3,165)	(2,715)	(17)	(12,473)	(9,076)	(37)
Other Operating Expenses	(445,419)	(265,033)	(68)	(1,347,673)	(1,016,646)	(33)
Operating Profit before Value Added Tax on Financial Services	1,001,285	785,449	27	3,603,381	1,981,009	82
Value Added Tax on Financial Services	(34,494)	(46,490)	26	(271,527)	(112,618)	(141)
Profit before Taxation	966,791	738,959	31	3,331,854	1,868,391	78
Income Tax Expense	(338,194)	(183,561)	(84)	(1,149,728)	(528,361)	(118)
Profit after Taxation	628,597	555,398	13	2,182,126	1,340,029	63
Other Comprehensive Income / (Expenses)						
Gains & Losses arising on re-measuring Available for Sale Financial Assets						
Sri Lanka Government securities	(91,019)	(16,226)	461	(38,659)	34,890	(211)
Equity Securities	(18,155)	7,845	331	18,369	584	(3,048)
Reclassification Adjustments for (gain)/Loss	-	6,887	(100)	-	6,887	(100)
	(109,174)	(1,494)	7,208	(20,290)	42,361	(148)
Actuarial gains & losses on defined benefit plans	(2,897)	(19,809)	(85)	(2,897)	(19,809)	(85)
Other comprehensive income / (expenses) before taxation	(112,071)	(21,303)	426	(23,187)	22,552	(203)
Income Tax (Charge) / Reversal Relating to Components of Other Comprehensive Income	11,636	(4,223)	(376)	11,636	(4,223)	(376)
Other Comprehensive Income for the Year, Net of Tax	(100,436)	(25,526)	293	(11,552)	18,329	(163)
Total Comprehensive Income for the Year, Net of Tax	528,162	529,872	(0)	2,170,574	1,358,358	60
Basic Earnings Per Share (Rs)	9.08	8.02		31.51	19.35	

LB Finance PLC

STATEMENT OF CHANGES IN EQUITY

	Stated Capital Rs.('000)	Retained Earnings Rs.('000)	Statutory Reserve Rs.('000)	Investment Fund Reserve Rs.('000)	Available for Sale Reserve Rs.('000)	Total Rs.('000)
Balance as at 1 April 2013	838,282	2,822,303	1,193,051	440,801	4,065	5,298,502
Net profit for the period	-	1,340,029	-	-	-	1,340,029
Other comprehensive income net of tax	-	-	-	-	18,329	18,329
Transfer to Statutory Reserve	-	(268,006)	268,006	-	-	-
Transfer to Investment Fund Reserve	-	(178,881)	-	178,881	-	-
Dividend for 2012/13	-	(450,171)	-	-	-	(450,171)
Balance as at 31 March 2014	838,282	3,265,274	1,461,057	619,682	22,393	6,206,689
Net profit for the period	-	2,182,126	-	-	-	2,182,126
Other comprehensive income net of tax	-	-	-	-	(11,552)	(11,552)
Transfer to Statutory Reserve	-	(436,425)	436,425	-	-	-
Transfer to Investment Fund Reserve	-	(26,045)	-	26,045	-	-
Transfer to Retained Earnings	-	645,727	-	(645,727)	-	-
Dividend for 2013/14	-	(450,171)	-	-	-	(450,171)
Balance as at 31 March 2015	838,282	5,180,486	1,897,483	(0)	10,842	7,927,092

LB Finance PLC		
STATEMENT OF FINANCIAL POSITION		
As at 31 March 2015		
	31.03.2015	Audited
	Rs.('000)	31.03.2014
		Rs.('000)
Assets		
Cash and Cash Equivalents	6,067,670	1,865,100
Financial Investments - Held for Trading	10,064	7,595
Loans and Receivables	22,262,761	18,893,238
Lease Rentals Receivable & Stock out on Hire	33,695,517	30,299,456
Financial Investments - Available for Sale	140,587	1,468,602
Other Financial Assets	2,140,178	5,083,136
Other Non Financial Assets	1,206,275	921,042
Intangible Assets	35,307	36,426
Property, Plant and Equipment	1,984,160	2,067,929
Deferred Tax Assets	-	171,857
Total Assets	67,542,519	60,814,381
Liabilities		
Due to Banks	7,703,265	4,034,675
Due to Customers	45,430,552	46,095,205
Debt Issued and Other Borrowed Funds	3,529,575	2,864,872
Other Financial Liabilities	1,776,066	586,347
Other Non Financial Liabilities	516,719	829,677
Post Employment Benefit Liability	112,575	93,199
Current Tax Liabilities	534,745	103,717
Deferred Tax Liabilities	11,930	-
Total Liabilities	59,615,427	54,607,692
Shareholders' Funds		
Stated Capital	838,282	838,282
Retained Earnings	5,180,486	3,265,274
Reserves	1,908,324	2,103,133
Total Shareholders' Funds	7,927,092	6,206,689
Total Liabilities and Shareholders' Funds	67,542,519	60,814,381
Net asset value per share (Rs)	114.46	89.62
Commitments and Contingencies	1,105,985	637,847

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

CERTIFICATION:

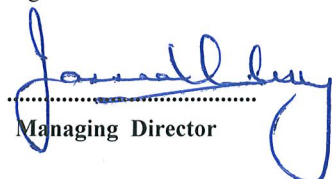
These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.



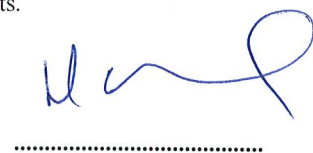
Chief Financial Officer

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



Director

08th May 2015

Colombo

LB Finance PLC		
CASH FLOW STATEMENT		
Year ended 31 March 2015		
	31.03.2015	Audited
	Rs.('000)	31.03.2014
		Rs.('000)
Cash Flows From / (Used in) Operating Activities		
Profit before Income Tax Expense	3,308,666	1,890,942
Adjustments for		
Depreciation of Property, Plant and Equipment	338,950	304,616
Amortisation of Intangible Assets	12,473	9,076
Loss on Fixed Assets Write-offs	1,799	-
Impairment Charges / (Reversal) for Loans and Other Losses	1,804,838	570,332
Gold Loan Auction Losses	214,929	1,371,959
Interest Cost on Finance Lease	1,470	3,006
Diminution/(Appreciation) in Value of Investments	17,822	(35,746)
Loss/(Profit) on Disposal of Property, Plant and Equipment	3,383	(4,721)
Provision/(reversal) for Defined Benefit Plans	29,799	39,906
Dividend Received	(806)	(2,407)
Interest Income on Investing Activities	(655,234)	(701,695)
Notional Tax Credit on Interest on Treasury Bills and Bonds	(45,029)	(40,513)
Withholding Tax Attributed to Fixed Deposits	(12,525)	(36,987)
Operating Profit before Working Capital Changes	5,020,535	3,367,767
(Increase)/Decrease in Loans and Receivables	(3,770,832)	(3,915,805)
(Increase)/Decrease in Lease Rentals Receivable & Stock out on Hire	(5,014,461)	(2,490,625)
(Increase)/Decrease in Other Financial Assets	3,009,950	(3,520,767)
(Increase)/Decrease in Other Non Financial Assets	(359,600)	297,982
Increase/(Decrease) in Amounts Due to Customers	(664,654)	7,352,505
Increase/(Decrease) in Other Financial Liabilities	610,539	(51,664)
Increase/(Decrease) in Other Non Financial Liabilities	266,223	134,743
Cash Generated from Operations	(902,300)	1,174,137
Retirement Benefit Liabilities Paid	(10,423)	(6,937)
Taxes Paid	(494,828)	(508,644)
Net Cash From/(Used in) Operating Activities	(1,407,551)	658,556
Cash Flows from / (Used in) Investing Activities		
Acquisition of Property and Equipment	(260,481)	(312,188)
Acquisition of Intangible Assets	(11,353)	(21,832)
Proceeds from Sales of Property, Plant and Equipment	118	15,205
Sale/(Purchase) of financial investments- available- for- sale	1,288,246	(939,911)
Interest Received	711,133	607,247
Dividend Received	806	2,407
Net Cash Flows from/(Used in) Investing Activities	1,728,469	(649,072)
Cash Flows from / (Used in) Financing Activities		
Payment under Finance Lease Liabilities	(9,831)	(11,924)
Net Cash Flow from Syndicated Loans and Other Bank Facilities	5,927,273	(2,065,336)
Net Cash Flow from Debt Issued and Other borrowings	(1,946,329)	620,662
Dividends Paid	(450,171)	(450,171)
Net Cash Flows from/(Used in) Financing Activities	3,520,941	(1,906,770)
Net Increase in Cash and Cash Equivalents	3,841,859	(1,897,286)
Cash and Cash Equivalents at the beginning of the year	1,243,894	3,141,180
Cash and Cash Equivalents at the end of the year	5,085,754	1,243,894
CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT		
Notes and Coins Held	391,917	304,211
Balances with Banks	506,957	521,482
Treasury Bills Repurchase Agreements	5,168,796	1,039,408
Bank Overdrafts	(981,917)	(621,206)
Net Cash and Cash Equivalents	5,085,754	1,243,894

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 & Receivables		Others		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	Rs.('000)		Rs.('000)	Rs.('000)	Rs.('000)	Rs.('000)	Rs.('000)	Rs.('000)
Interest Income	8,197,150	7,863,444	4,834,687	4,071,449	655,234	779,195	13,687,071	12,714,089
Interest Expenses	(3,221,744)	(4,265,368)	(2,098,979)	(2,235,150)	(628,774)	(637,380)	(5,949,496)	(7,137,897)
Net Interest Income/(Expenses)	4,975,407	3,598,077	2,735,707	1,836,300	26,460	141,816	7,737,574	5,576,192
Fee and Commission Income	390,036	351,855	361,929	211,029	207,875	214,731	959,839	777,615
Net Trading Income and Other Operating Income	134,027	124,327	2,179	11,846	4,642	620	140,847	136,793
Impairment Charge/Reversal on Loans and Losses	(1,618,400)	(462,516)	(186,379)	(103,595)	(59)	(4,221)	(1,804,838)	(570,332)
Gold Loan Auction Losses	-	-	(214,929)	(1,371,959)	-	-	(214,929)	(1,371,959)
Net Operating Income	3,881,070	3,611,743	2,698,507	583,620	238,918	352,946	6,818,494	4,548,309
Other Costs	(1,538,816)	(1,365,894)	(1,288,775)	(863,586)	(36,098)	(24,129)	(2,863,690)	(2,253,609)
Depreciation	(220,800)	(191,136)	(126,929)	(120,846)	(3,694)	(1,709)	(351,423)	(313,691)
Operating Profits Before Taxes	2,121,454	2,054,713	1,282,802	(400,812)	199,125	327,108	3,603,381	1,981,009
Taxes							(1,421,255)	(640,979)
Profits for the Year							2,182,126	1,340,029
Segmental Assets	34,753,514	31,538,054	22,961,784	19,939,927	9,827,221	9,336,401	67,542,519	60,814,381
Segmental Liabilities	29,685,913	28,248,885	19,613,600	17,478,849	10,315,913	8,879,958	59,615,427	54,607,692

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 in 2014 or 2015.

EXPLANATORY NOTES

1. 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 2014.

2. There have been no material events occurring after the balance sheet date that require adjustments to or disclosure in the Financial Statements, except the following.

An imposition of a Super Gains Tax has been recommended for the approval of Parliament as per a Bill dated 27 March 2015. Since the Bill had not been approved by the parliament as of the reporting date, the Company has not provided for the potential liability in the Financial Statements for the year ended 31 March 2015. Based on the provisions of the Draft Bill, an amount of Rs. 484,230,584/- will be payable by the Company as the Super Gain Tax in three instalments due on 15th of May, July and September 2015, if the Bill as currently drafted, is approved by Parliament.

3. The Commitment & Contingencies as at 31st March 2015 was Rs.1,106 Mn & as at 31st March 2014 was Rs.638 Mn.

INFORMATION ON SHARES AND LISTED DEBENTURES

			For the Year Ended	
			31.03.2015	31.03.2014
<u>Information on Shares</u>				
Share Price during the Quarter	Highest	Rs.	177.00	109.50
	Lowest	Rs.	149.70	96.00
	Closing	Rs.	150.20	100.10
No of Ordinary Share issued as at			69,257,142	69,257,142
<u>Information on Listed Debentures</u>				
Debt Equity Ratio			216.13%	160.99%
Quick Asset Ratio			19.62%	17.41%
Interest Cover			1.56	1.27
Interest yield				
			31.03.2015	31.03.2014
Debentures Issued - November 2013				
5 year fixed rate (14.00 % p.a. Payable Monthly)			Not Traded	Not Traded
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	Not Traded
Yield of Comparable Government Securities (%)				
05 Year treasury bond			8.67%	10.73%

SELECTED PERFORMANCE INDICATORS

	As At	As At
	31.03.2015	31.03.2014
<u>Capital Adequacy</u>		
Core Capital to Risk Weighted Asset Ratio (Minimum 5%)	11.56%	12.34%
Total Capital to Risk Weighted Asset Ratio (Minimum 10%)	15.23%	17.50%
Capital Funds to Total Deposit Liabilities Ratio (Minimum 10%)	17.45%	13.46%
<u>Profitability</u>		
Return on Avg Shareholders' Funds (After Tax) - Annualized	30.71%	23.55%
Return on Avg Assets (After Tax) - Annualized	3.38%	2.36%
<u>Liquidity (Rs.'Mn)</u>		
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

L B Finance PLC

Interim Financial Statements for the year ended 31st March 2015

Additional Notes

Twenty largest shareholders as at 31st March 2015

Name		No. of Shares	(%)
1 Vallibel One PLC		35,321,200	51.000
2 Royal Ceramics Lanka PLC	15,713,616	18,061,616	26.079
Commercial Bank of Ceylon PLC/Royal Ceramics Lanka PLC	2,348,000		
3 Esna Holdings (Pvt) Ltd		7,031,200	10.152
4 Sri Lanka Insurance Corporation Ltd - Life Fund		1,842,900	2.661
5 Commercial Bank of Ceylon PLC/Dunamis Capital PLC		1,016,882	1.468
6 Mercantile Investments and Finance PLC		953,600	1.377
7 Pan Asia Banking Corporation PLC/Mrs. M Mathews		381,399	0.551
8 Janashakthi Insurance PLC (Policy Holders)		250,000	0.361
9 Mr. A A Page		157,400	0.227
10 Mr. E Bianchi		154,400	0.223
11 Waldock Mackenzie Ltd /Mrs G Soysa		111,252	0.161
12 Mr. K D A Perera		100,000	0.144
13 Mrs. P C Cooray		95,716	0.138
14 Mr. T Jeremiah		77,582	0.112
15 Mr. P Somadasa		76,672	0.111
16 Mr. K Karunanayake and Miss. P N Karunanayake		74,162	0.107
17 Mr. K Sabaratnam		72,732	0.105
18 Mr. T Ono		67,575	0.098
19 Mr. J A S S Adhihetty		53,060	0.077
20 Mr. P A J Kumara		50,000	0.072
21 Mrs. S Santhanayaki		50,000	0.072
22 Bartleet Asset Management (Pvt) Ltd		50,000	0.072
23 D S L Investments (Private) Ltd		50,000	0.072
		<u>66,099,348</u>	<u>95.440</u>
Others		3,157,794	4.560
Total		<u>69,257,142</u>	<u>100.000</u>

Directors' and Chief Executive Officer's holding in shares as at 31st March 2015

Name		No. of Shares	(%)
Mr. Thosapala Hewage		-	-
Mr. K D D Perera		-	-
Mr. L N De Silva Wijeyeratne		-	-
Mr. J A S S Adhihetty		53,060	0.077
Mr. Nimal Perera		-	-
Mr. N Udage		11,700	0.017
Mr. B D A Perera		-	-
Mrs. K Fernando		1,600	0.002
Mrs. Shirani Jayasekara		-	-
Mrs. A K Gunawardhana		-	-

PUBLIC HOLDING

Public Holding percentage as at 31st March 2015 being 22.60% comprising of 1,544 shareholders.